

VOLUME 4
JOURNAL
OF THE
HOUSE
OF REPRESENTATIVES
SEVENTY-EIGHTH SESSION
OF THE
LEGISLATURE
STATE OF MINNESOTA

1993

STATE OF MINNESOTA
SEVENTY-EIGHTH SESSION -- 1993

FIFTY-NINTH DAY

SAINT PAUL, MINNESOTA, FRIDAY, MAY 14, 1993

The House of Representatives convened at 9:00 a.m. and was called to order by Dee Long, Speaker of the House.

Prayer was offered by Monsignor James D. Habiger, Executive Director, Minnesota Catholic Conference, St. Paul, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Sarna was excused.

Peterson was excused until 10:50 a.m.

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

REPORTS OF CHIEF CLERK

S. F. No. 1062 and H. F. No. 986, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Kelley moved that the rules be so far suspended that S. F. No. 1062 be substituted for H. F. No. 986 and that the House File be indefinitely postponed. The motion prevailed.

Anderson, I., 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.

CALL OF THE HOUSE

On the motion of Anderson, I., and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abrams	Dauner	Hausman	Koppendrayer	Munger	Perlt	Tompkins
Anderson, I.	Davids	Holsten	Krinkie	Murphy	Peterson	Turheim
Anderson, R.	Dawkins	Huntley	Krueger	Neary	Reding	Van Dellen
Battaglia	Dehler	Jacobs	Lasley	Nelson	Rest	Vellenga
Bauerly	Delmont	Jaros	Leppik	Ness	Rhodes	Vickerman
Beard	Dempsey	Jefferson	Lieder	Olson, E.	Rukavina	Wagenius
Bergson	Erhardt	Jennings	Limmer	Olson, K.	Seagren	Waltman
Bertram	Evans	Johnson, A.	Lindner	Olson, M.	Sekhon	Weaver
Bettermann	Farrell	Johnson, R.	Luther	Onnen	Simoneau	Wejcman
Bishop	Garcia	Johnson, V.	Lynch	Opatz	Skoglund	Welle
Blatz	Girard	Kahn	Macklin	Orenstein	Smith	Wenzel
Brown, C.	Goodno	Kalis	Mariani	Orfield	Solberg	Winter
Brown, K.	Greiling	Kelley	McCollum	Osthoff	Sparby	Workman
Carruthers	Gruenes	Kelso	McGuire	Ostrom	Stanius	Spk. Long
Clark	Gutknecht	Kinkel	Molnau	Ozment	Steensma	
Commers	Hasskamp	Klinzing	Morrison	Pauly	Swenson	
Cooper	Haukoos	Krickerbocker	Mosel	Pawlenty	Tomassoni	

Anderson, I., 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.

PETITIONS AND COMMUNICATIONS

The following communication was received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 11, 1993

The Honorable Dee Long
Speaker of the House
Minnesota House of Representatives
463 State Office Building
Saint Paul, Minnesota 55155

Dear Speaker Long:

I have vetoed and am returning Chapter 173, House File 163, a bill relating to campaign reform.

I am committed to, and the people of Minnesota are demanding, comprehensive electoral and ethical practices reform. I am vetoing House File 163 not to engage in debate or combat with the Minnesota Legislature. I am vetoing House File 163 because this legislation is bad for the people of Minnesota and unhealthy for all of us who believe in a democratic elective process. The objections I hold are non-partisan. The objections I hold have been answered in a federal campaign reform proposal which has been endorsed by President Clinton. Why should I accept less for the people of this state than the President is willing to accept for the people of this nation?

As I informed the legislature approximately six weeks ago, I expect any reform bill to include certain goals and principles. I have reviewed House File 163 in the light of those goals and principles. I have also reviewed the bill as a whole to see how the provisions relate to each other and to assess its overall impact upon Minnesota's electoral process.

House File 163 has some good provisions which include the dissolution of "Friends of" committees, the elimination of transfers among candidates' campaign committees, the lowering of contribution limits, and the elimination of public subsidies for unopposed candidates. However, when viewed as a whole, assessing the overall impact of the bill, it is clear that House File 163 does not achieve comprehensive reform. There are some who will argue that a bill that reforms even a little is worthy of becoming law, following the old cliché that half a loaf is better than none at all. I must tell the people of this state that in this case, the half-loaf is moldy. This bill worsens the existing electoral process by giving the special interests who already hold undue influence, even more power than before.

The disproportionate influence of special interest groups upon Minnesota's electoral process is one of the chief problems that must be effectively addressed in any comprehensive electoral reform package. House File 163, unfortunately, empowers special interests at the expense of individual contributors and voters. By failing to provide for any response to special interest independent expenditures, and failing to ban PACs or PAC contributions while simultaneously seriously reducing individual contribution limits and establishing a low 20 percent aggregate contribution for PACs, lobbyists, and large individual contributors, the Legislature has handed over to the special interest groups the ability to control Minnesota elections. The net effect of these inter-related provisions is to drive special interest contributions from the area of regulated PAC contributions to the area of unregulated independent expenditures. It is an arrogant abuse of power marked by a process that excluded compromise. I refuse to sign any bill that permits special interests to control Minnesota's electoral process.

The Legislature's failure in House File 163 to create a means by which a candidate can respond to being targeted by special interest independent expenditures has resulted in a campaign finance system that is an unconstitutional violation of a candidate's right to free speech. Pursuant to both House File 163 and current law, a candidate must agree to abide by expenditure limits and receive public subsidies on or before September 1 preceding the General Election. However, once a candidate files an agreement to be bound by the expenditure limits, he or she is locked into those expenditure limits. As a result, the candidate cannot respond to special interest independent expenditures directly targeted against that candidate prior to a post-September 1 Primary or the General Election. The failure of House File 163 to provide a candidate who agrees to public subsidy relief from expenditure limits after being targeted by special interest independent expenditures is unconstitutional as a violation of that candidate's freedom of speech.

A targeted candidate must be provided the opportunity to publicly debate and contest the contents of independent expenditure attacks. This right is protected by and embodied in the free speech clause of the First Amendment to the United States Constitution and is the essence of good government. The United States Supreme Court has so mandated in a ruling in which it stated that the central purpose of that clause is "to assure a society in which 'uninhibited, robust and wide open' public debate concerning matters of public interest would thrive for only in such a society can a healthy representative democracy flourish." A system such as Minnesota's, embodied in House File 163, which denies a candidate the right to exceed expenditure limits in order to engage in an uninhibited wide-open public debate of the issues raised by independent expenditures is both unconstitutional and contrary to sound public policy.

The mere providing of notice as incorporated in House File 163 does not remedy the unconstitutional failure to provide a targeted candidate a means to respond to a special interest independent expenditure. Moreover, the notice provided in House File 163 is wholly inadequate to provide effective notice or protect against fraudulent notice.

House File 163 also fails to achieve the goal and principle of restoring integrity and parity in Minnesota's electoral process. The bill fails to provide a "level playing field" for both incumbents and challengers, for candidates of all parties plus independent candidates, and for all persons and groups who wish to express their political views in a lawful manner.

House File 163 has significant elements which provide protection for incumbents. These elements include the failure to provide pre-Primary public subsidies and the establishment of high threshold contribution amounts to be raised with low (\$50 or less) contributions in order to be eligible for public subsidy. These features are unrealistic for challengers, especially when multiple challengers exist in the pre-Primary stage, and create significant advantages for incumbents.

House File 163 also creates a significant unfair advantage to candidates of major parties at the expense of independent or third-party candidates. This bias is evident in the areas such as qualification for check-off dollar public subsidies, denial of pre-Primary public subsidies, continued allowance of PAC contributions, and access to enhanced public subsidies following an opponent's decision not to abide by spending limits.

Finally, I wish to note two areas of concern which I would like to see addressed either directly in House File 163 or as a companion to this bill. As I have travelled across our state, I have heard from citizens innumerable times the request for an opportunity to consider term limits for elected officials. I wholeheartedly endorse a referendum for term limits because I truly believe the heart of any campaign reform must deal with the temptations of protecting incumbency.

I also feel the people of this state deserve a Minnesota Legislature that does not exempt itself from the rules it promulgates for others. I believe no legislation that is called reform in any respect can omit the reference to ethics reform.

For these omissions and the concerns I have highlighted above, I am vetoing and returning to you this bill. I do so very regretfully on behalf of the citizens of this state who want and deserve elected officials who serve only for the greater good.

Because of my commitment to reform, I am unwilling to veto and return this bill to you and rely solely upon the Legislature to design a true electoral reform package. Therefore, I am today announcing that I will be appointing a bi-partisan electoral reform commission to design a true comprehensive multi-faceted electoral reform package. In order to avoid the partisanship which infected House File 163, current elected officials and officials of political parties will not be members of the commission but will be invited to offer testimony and input. It is my hope that such a commission will incorporate the good aspects of House File 163 while addressing those problems that remain, including those set forth above.

Warmest regards,

ARNE H. CARLSON
Governor

Anderson, I., moved that H. F. No. 163, Chapter 173, be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

The question was taken on the motion to reconsider and repass H. F. No. 163, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota, and the roll was called.

There were 84 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Brown, C.	Delmont	Hausman	Kahn	Lieder	Mosel
Anderson, R.	Brown, K.	Dorn	Huntley	Kalis	Lourey	Munger
Asch	Carlson	Evans	Jacobs	Kelley	Luther	Murphy
Battaglia	Carruthers	Farrell	Jaros	Kelso	Mahon	Neary
Bauerly	Clark	Garcia	Jefferson	Kinkel	Mariani	Nelson
Beard	Cooper	Greenfield	Jennings	Klinzing	McCollum	Olson, E.
Bergson	Dauner	Greiling	Johnson, A.	Krueger	McGuire	Olson, K.
Bertram	Dawkins	Hasskamp	Johnson, R.	Lasley	Milbert	Opatz

Orenstein	Perlt	Rest	Sekhon	Sparby	Tunheim	Welle
Orfield	Peterson	Rice	Simoneau	Steensma	Vellenga	Wenzel
Ostrom	Pugh	Rodosovich	Skoglund	Tomassoni	Wagenius	Winter
Pelowski	Reding	Rukavina	Solberg	Trimble	Wejcman	Spk. Long

Those who voted in the negative were:

Abrams	Dempsey	Haukoos	Leppik	Ness	Rhodes	Van Dellen
Bettermann	Erhardt	Holsten	Limmer	Olson, M.	Seagren	Vickerman
Bishop	Frerichs	Hugoson	Lindner	Onnen	Smith	Waltman
Blatz	Girard	Johnson, V.	Lynch	Osthoff	Stanius	Weaver
Commers	Goodno	Knickerbocker	Macklin	Ozment	Sviggum	Wolf
Davids	Gruenes	Koppendrayer	Molnau	Pauly	Swenson	Worke
Dehler	Gutknecht	Krinkie	Morrison	Pawlenty	Tompkins	Workman

Not having received the required two-thirds vote, the bill was not repassed.

SECOND READING OF SENATE BILLS

S. F. No. 1062 was read for the second time.

CALL OF THE HOUSE LIFTED

Anderson, I., moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Kahn; Krueger; Knickerbocker; Johnson, R., and Greiling introduced:

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

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

Kahn, Krueger, Long, Greiling and Bergson introduced:

H. F. No. 1779, A bill for an act relating to state government; requiring disclosure by legislators and agency heads of certain expense reimbursements; proposing coding for new law in Minnesota Statutes, chapter 15A.

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

Huntley; Brown, K.; Lourey; Kahn and Rhodes introduced:

H. F. No. 1780, A bill for an act relating to health care; establishing a grant program for research on women's health issues; appropriating money.

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

Milbert and Bishop introduced:

H. F. No. 1781, 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 1992, section 148.181, subdivision 1, as amended.

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

Jaros introduced:

H. F. No. 1782, A bill for an act relating to telephones; outlawing government-funded phone privileges for elected officials; requesting personal and written communication; making life more pleasant for politicians and their staff; reducing the state executive, legislative, judiciary, and local government budgets accordingly; proposing coding for new law in Minnesota Statutes, chapter 237.

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

Klinzing, Lynch, Blatz, Murphy and Rodosovich introduced:

H. F. No. 1783, A bill for an act relating to abortions; providing rules for informed consent; providing for certain civil damages; proposing coding for new law in Minnesota Statutes, chapter 145.

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

Carruthers, Macklin and Bergson introduced:

H. F. No. 1784, A bill for an act relating to statutes of limitations; enacting the uniform conflict of laws-limitations act; proposing coding for new law in Minnesota Statutes, chapter 541.

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

Farrell and Sarna introduced:

H. F. No. 1785, A bill for an act relating to commerce; prohibiting price discrimination between motor fuel retailers and wholesalers supplied by the same refiner; proposing coding for new law in Minnesota Statutes, chapter 80C.

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

Pawlenty, Seagren, Ozment, Macklin and Tompkins introduced:

H. F. No. 1786, A bill for an act relating to campaign reform; limiting noncampaign disbursements to items specified by law; requiring lobbyists and political committees and funds to include their registration number on contributions; prohibiting certain "friends of" committees; requiring reports by certain solicitors of campaign contributions; limiting certain contributions; changing the judicial ballot; regulating related committees; changing expenditure limits; limiting use of contributions carried forward; requiring unused postage to be carried forward as an expenditure; requiring certain notices; changing contribution limits; limiting contributions by political parties; prohibiting transfers from one candidate to another, with certain exceptions; limiting contributions by certain political committees, funds, and individuals; eliminating public subsidies to unopposed candidates; changing requirements for the income tax check-off; clarifying filing requirements for candidate agreements and the duration of the agreements; providing for distribution of public subsidies; requiring return of public subsidies under certain conditions; prohibiting political contributions by certain nonprofit corporations and partnerships; requiring certain reports; providing transition language; defining certain terms; clarifying certain language; imposing penalties; appropriating money; amending Minnesota Statutes 1992, sections 10A.01, subdivisions 10b, 10c, 13, and by adding subdivisions; 10A.04, by adding a subdivision; 10A.065, subdivisions 1 and 5; 10A.14, subdivision 2; 10A.15, by adding subdivisions; 10A.16; 10A.17, subdivisions 4 and 5; 10A.19, subdivision 1; 10A.20, subdivisions 2, 3, and by adding subdivisions; 10A.24, subdivision 1; 10A.25, subdivisions 2, 6, 10, and by adding subdivisions; 10A.27, subdivisions 1, 2, 9, and by adding subdivisions; 10A.28, subdivision 2; 10A.31, subdivisions 3a, 6, 7, 10, and by adding a subdivision; 10A.315; 10A.322, subdivisions 1 and 2; 10A.323; 10A.324, subdivisions 1, 3, and by adding a subdivision; 204B.36, subdivision 4; 211B.12; 211B.15; and 290.06, subdivision 23; proposing coding for new law in Minnesota Statutes, chapter 211A; repealing Minnesota Statutes 1992, sections 10A.27, subdivision 6; 10A.31, subdivisions 8 and 9; 488A.021, subdivision 3; and 488A.19, subdivision 2.

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

HOUSE ADVISORIES

The following House Advisory was introduced:

Osthoff introduced:

H. A. No. 28, A proposal to study transportation planning, management, operation and funding.

The advisory was referred to the Committee on Transportation and Transit.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 94, A bill for an act relating to motor vehicles; exempting certain manufacturers of snowmobile trailers from being required to have a dealer's license to transport the trailers; amending Minnesota Statutes 1992, section 168.27, subdivision 22.

H. F. No. 1259, A bill for an act relating to the city of Minneapolis; extending authority to guarantee certain loans; amending Laws 1988, chapter 594, section 6, as amended.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 238, A bill for an act relating to towns; providing that metropolitan town elections may take place on the general election day; amending Minnesota Statutes 1992, sections 365.51, subdivision 1, and by adding a subdivision; and 365.59.

The Senate has appointed as such committee:

Ms. Johnston; Mr. Hottinger and Ms. Flynn.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 795, A bill for an act relating to insurance; no-fault auto; excluding certain vehicles from the right of indemnity granted by the no-fault act; amending Minnesota Statutes 1992, section 65B.53, subdivision 1.

The Senate has appointed as such committee:

Ms. Anderson; Messrs. Chandler and Knutson.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1042, A bill for an act relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties; amending Minnesota Statutes 1992, sections 136A.121, subdivision 2; 214.101, subdivision 1; 256.87, subdivisions 1, 1a, 3, and 5; 256.978; 256.979, by adding subdivisions; 256.9791, subdivisions 3 and 4; 257.66, subdivision 3; 257.67, subdivision 3; 349A.08, subdivision 8; 518.14; 518.171, subdivisions 1, 2, 3, 4, 6, 7, 8, 10, and by adding a subdivision; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 5, 5b, 7, 10, 12, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.613, subdivision 1; 518.64, subdivisions 1, 2, 5, and 6; 519.11; 548.09, subdivision 1; 548.091, subdivisions 1a and 3a; 588.20; 595.02, subdivision 1; and 609.375, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 518; repealing Minnesota Statutes 1992, sections 256.979; and 609.37.

The Senate has appointed as such committee:

Mr. Cohen; Ms. Reichgott and Mr. Knutson.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1063, A bill for an act relating to commerce; currency exchanges; changing the date for submission of license renewal applications; amending Minnesota Statutes 1992, section 53A.03.

The Senate has appointed as such committee:

Ms. Wiener; Messrs. Frederickson and Solon.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

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

H. F. No. 287, A bill for an act relating to waste management; encouraging local government units to use purchasing techniques to reduce waste and develop markets for recycled products; prohibiting burning and burial of harmful materials on farms; defining packaging; prohibiting disposal of unprocessed mixed municipal solid waste; extending the time to construct certain projects with grant money; authorizing counties to count waste reduction toward 1996 recycling goals; providing for county management and service contracts; requiring local government units to separately account for all revenue and spending related to waste management; requiring collectors of commercial waste to disclose where the waste is deposited; prohibiting fluorescent and high intensity discharge lamps in solid waste; clarifying that organized waste collection is one of several tools for cities and counties to use to collect waste; requiring reporting of tipping fee schedules at all waste facilities; requiring owners or operators of waste facilities that are publicly financed to account for charges and expenditures related to the facilities; regulating lamp recycling facilities; requiring electric utilities to encourage use of fluorescent and high intensity discharge lamps and to collect spent lamps; requiring a study of such lamps; extending by one year the solid waste field citation pilot program; providing for the postponement of certain waste collection fees; requiring a certain number of base units for homesteaded multiunit dwellings; clarifying the effects of the repeal of the metropolitan landfill siting process; providing for reports; amending Minnesota Statutes 1992, sections 16B.121; 16B.122, by adding a subdivision; 17.135;

115.071, subdivision 1; 115A.03, by adding a subdivision; 115A.034; 115A.54, subdivision 2a; 115A.5501, subdivision 3; 115A.551, subdivisions 2a and 4; 115A.552, subdivision 2; 115A.557, subdivision 3; 115A.56; 115A.916; 115A.929; 115A.932, subdivision 1; 115A.94, subdivisions 5 and 6; 115A.941; 115A.9651; 115A.981; 116.78, by adding a subdivision; 116.92, subdivision 7; 216B.241, by adding a subdivision; 325E.1151, subdivision 1; 325E.12; 325E.125, subdivision 1; 325E.1251; 400.04, subdivisions 3 and 4; 400.08, subdivision 3; 473.149, subdivision 6; 473.803, subdivision 3; 473.8441, subdivision 5; 473.846; and 473.848, subdivisions 2 and 3; Laws 1991, chapter 347, article 1, sections 15, subdivisions 1 and 6; and 20; Laws 1992, chapter 593, article 1, section 55; proposing coding for new law in Minnesota Statutes, chapters 115A and 116.

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

Madam Speaker:

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

H. F. No. 350, A bill for an act relating to education; prekindergarten through grade 12; providing for general education; transportation; special programs; early childhood, community, and adult education; facilities; organization and cooperation; access to excellence; other education programs; miscellaneous provisions; choice programs; libraries; state agencies; and realignment of responsibilities; making conforming changes; appropriating money; amending Minnesota Statutes 1992, sections 3.873, subdivisions 4, 5, 6, 7, and 9; 120.06, subdivision 3; 120.062, subdivision 5, and by adding a subdivision; 120.0621; 120.064, subdivisions 3, 4, and 16; 120.0751, subdivisions 1, 2, 3, and 4; 120.101, subdivisions 5 and 5b; 120.102, subdivision 1; 120.17, subdivision 7a; 120.73, subdivision 1; 120.75; 121.15, subdivision 4; 121.16, subdivision 1; 121.201, subdivision 1; 121.585, subdivision 8; 121.612, subdivisions 2 and 4; 121.831; 121.88, subdivision 8; 121.882, subdivision 2b; 121.901, subdivisions 1 and 2; 121.902; 121.904, subdivisions 4a, 4e, and 14; 121.912, subdivision 6, and by adding a subdivision; 121.9121; 121.914, subdivision 3; 121.934, subdivision 1; 121.935, subdivisions 2 and 5; 121.936; 122.22, by adding a subdivision; 122.242, subdivision 9; 122.531, subdivision 4a; 122.895, subdivision 2, and by adding subdivisions; 123.34, subdivision 9; 123.35, subdivision 17; 123.351, subdivisions 6, 8, and 9; 123.3513; 123.3514, subdivisions 5, 6, 6b, 6c, and 8; 123.36, by adding a subdivision; 123.39, by adding a subdivision; 123.58, subdivisions 6, 7, 8, and 9; 123.702, subdivisions 1, 1a, 1b, 3, and 4; 123.7045; 123.71, subdivision 1; 123.932, subdivision 7; 123.935, subdivision 7; 123.947; 124.09; 124.10, subdivision 1; 124.14, subdivisions 1 and 4; 124.17, subdivisions 1, 2c, and by adding a subdivision; 124.19, subdivisions 1 and 4; 124.195, subdivisions 8 and 9; 124.223, subdivision 3; 124.225, subdivisions 1, 3a, 7b, 7d, and 7e; 124.226, subdivisions 1, 3, 9, and by adding a subdivision; 124.243, subdivisions 1, 2, 2a, 6, and 8; 124.248, subdivision 4; 124.26, subdivision 2; 124.2601, subdivisions 4 and 6; 124.261, subdivision 1; 124.2615, subdivisions 2 and 3; 124.2711, subdivision 1; 124.2714; 124.2721, subdivisions 1 and 3; 124.2725, subdivisions 2, 4, 5, 6, 10, and 13; 124.273, by adding a subdivision; 124.276, subdivision 3; 124.32, subdivision 1d; 124.322, subdivisions 2, 3, 4, and by adding a subdivision; 124.332, subdivision 2; 124.37; 124.38, by adding a subdivision; 124.431, subdivisions 1, 1a, 2, and 14; 124.48, subdivisions 1 and 3; 124.494, subdivisions 1, 2, and by adding a subdivision; 124.573, subdivision 3; 124.574, by adding a subdivision; 124.625; 124.64; 124.645, subdivisions 1 and 2; 124.69, subdivision 1; 124.73, subdivision 1; 124.79; 124.83, subdivisions 1, 2, 4, 6, and by adding a subdivision; 124.84, subdivision 3; 124.91, subdivision 3; 124.912, subdivisions 2 and 3; 124.95, subdivisions 1, 2, 2a, and 3; 124.961; 124A.03, subdivision 1c, and by adding a subdivision; 124A.22, subdivisions 2, 4, 5, 6, 8, and 9; 124A.23, subdivision 1; 124A.26, subdivision 1, and by adding a subdivision; 124A.27, subdivision 2; 124A.29, subdivision 1; 124A.70; 124A.72; 124C.08, subdivision 1; 125.05, subdivision 1a; 125.185, subdivisions 4 and 6; 125.1885, subdivision 3; 125.189; 126.151, subdivision 2; 126.22, subdivisions 2, 3, 3a, and 4; 126.239, subdivision 3; 126.267; 126.268, subdivision 2; 126.52, subdivisions 8 and 9; 126.54, subdivision 1; 126.56, subdivisions 4a and 7; 126.665; 126.67, subdivision 8; 126.70, subdivision 2a; 126A.07, subdivision 1; 127.15; 127.455; 127.46; 128A.024, subdivision 2; 128A.03, subdivision 2; 128C.02, by adding a subdivision; 129C.10, subdivision 1, and by adding a subdivision; 134.31, subdivisions 1, 2, and 5; 134.32, subdivision 8; 145A.10, subdivision 5; 256E.03, by adding subdivisions; 256E.08, subdivision 1; 256E.09, subdivision 2, and by adding a subdivision; 275.48; 473F.02, by adding a subdivision; and 475.61, subdivision 3; Laws 1991, chapters 256, article 8, section 14, as amended; 265, articles 1, section 30; and 2, section 19, subdivision 2; and Laws 1992, chapters 499, article 8, section 33; 571, article 10, section 29; proposing coding for new law in Minnesota Statutes, chapters 4; 121; 124; 124A; 124C; 125; 126; 128A; repealing Minnesota Statutes 1992, sections 120.0621, subdivision 5; 121.87; 124.197; 124.2721, subdivisions 2 and 4; 124.32, subdivision 5; 124.615; 124.62; 125.703; 126.22, subdivision 2a; 145.926; and Laws 1988, chapter 486, section 59.

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

Madam Speaker:

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

H. F. No. 454, A bill for an act relating to economic development; requiring a summary of performance measures for business loan or grant programs from the department of trade and economic development; amending Minnesota Statutes 1992, section 116J.58, subdivision 1.

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

Madam Speaker:

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

H. F. No. 931, A bill for an act relating to motor fuels; increasing minimum oxygen content in certain areas at certain times; amending Minnesota Statutes 1992, section 239.791, subdivisions 1 and 2.

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

Madam Speaker:

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

H. F. No. 1039, A bill for an act relating to auctioneers; prohibiting certain cities and towns from requiring additional licenses of persons licensed as auctioneers by a county; proposing coding for new law in Minnesota Statutes, chapter 330.

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

Madam Speaker:

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

H. F. No. 1133, A bill for an act relating to energy; directing the public service department to evaluate and implement a policy to promote the use of motor vehicles powered by alternate fuels; appropriating money; amending Minnesota Statutes 1992, section 216C.01, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 216B; and 216C.

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

Madam Speaker:

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

H. F. No. 1151, A bill for an act relating to employment; requiring wage payments at certain times; amending Minnesota Statutes 1992, section 181.101.

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

Madam Speaker:

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

S. F. No. 1496.

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. 1496

A bill for an act relating to health care and family services; the organization and operation of state government; appropriating money for human services, health, and other purposes with certain conditions; establishing and modifying certain programs; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 62A.045; 144.122; 144.123, subdivision 1; 144.215, subdivision 3; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.98, subdivision 5; 144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6; 148C.02; 148C.03, subdivisions 1, 2, and 3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04; 157.045; 198.34; 214.04, subdivision 1; 214.06, subdivision 1, and by adding a subdivision; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.4873, subdivision 2; 245.652, subdivisions 1 and 4; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions; 252.275, subdivision 8; 252.50, by adding a subdivision; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 4, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 8, 9, as amended, and 22, as amended; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595, subdivisions 1, 2, 3, and 4; 256B.0625, subdivisions 13, 13a, 15, 17, 25, 28, 29, and by adding subdivisions; 256B.0913, subdivision 5; 256B.0915, subdivision 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a subdivision; 256B.421, subdivision 14; 256B.431, subdivisions 2b, 2o, 13, 14, 15, 21, and by adding subdivisions; 256B.432, by adding a subdivision; 256B.48, subdivision 1; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 1, 3g, 3i, and by adding a subdivision; 256D.03, subdivisions 3, 4, and 8; 256D.05, by adding a subdivision; 256D.051, subdivisions 1, 1a, 2, 3, and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256F.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.73, subdivision 1; 257.74, subdivision 1; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 518.156, subdivision 1; 518.551, subdivision 5; 518.64, subdivision 2; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, section 57, subdivisions 1 and 3; and Laws 1992, chapter 513, article 7, section 131; proposing coding for new law in Minnesota Statutes, chapters 136A; 245; 246; 256; 256B; 256E; 256F; 257; and 514; proposing coding for new law as Minnesota Statutes, chapters 246B; and 252B; repealing Minnesota Statutes 1992, sections 144A.071, subdivisions 4 and 5; 148B.72; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c.

May 12, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1496, 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. 1496 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [HUMAN SERVICES 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 article, to be available for the fiscal years indicated for each purpose. The figures "1994" and "1995" where used in this article, mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 1994, or June 30, 1995, respectively.

SUMMARY BY FUND

1993 DEFICIENCY

General
\$13,286,000

APPROPRIATIONS

	1994	1995	BIENNIAL TOTAL
General	\$2,126,783,000	\$2,249,286,000	\$4,376,069,000
State Government Special Revenue	21,166,000	20,367,000	41,533,000
Metropolitan Landfill Contingency			
Action Fund	191,000	204,000	395,000
Trunk Highway	1,488,000	1,510,000	2,998,000
TOTAL	2,149,628,000	2,271,367,000	4,420,995,000
REVENUE			
General	36,219,000	53,308,000	89,527,000

APPROPRIATIONS
Available for the Year
Ending June 30

1994 1995

Sec. 2. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Appropriation by Fund

General Fund	2,071,736,000	2,192,990,000
--------------	---------------	---------------

Federal receipts as shown in the biennial budget document to be used for financing activities, programs, and projects under the supervision and jurisdiction of the commissioner must be credited to and become a part of the appropriations provided for in this section.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

The 1996-1997 general fund spending in the department of human services is limited to \$2,340,864,000 in fiscal year 1996 and \$2,522,864,000 in fiscal year 1997. Expenditures in the department may exceed these estimates only if forecast caseloads increase, base forecast spending increases, acuity or casemix results in increases, or other adjustments are made in accordance with the department of finance forecast methodology. After consultation with the legislature, the commissioner of finance may also adjust these limits to recognize any errors or omissions in the workpapers used to generate the figure. If the commissioner determines in the November or March forecast for fiscal year 1996-1997 that the program expenditures will exceed the above limit, then in fiscal years 1996 or 1997 the commissioner may withhold provider payments, rateably reduce payments under the general assistance medical care program or the medical assistance program or propose statutory remedies to the legislature that will bring expenditures within this limit.

Subd. 2. Finance and Management Administration

General

\$21,815,000

\$20,871,000

Federal money received in excess of the estimates shown in the 1994-1995 department of human services budget document reduces the state appropriation by the amount of the excess receipts, unless the governor directs otherwise, after consulting with the legislative advisory commission.

If the amount of federal money anticipated to be received is less than the estimates shown in the 1994-1995 proposed biennial budget document for the department of human services, the commissioner of finance shall reduce the amount available from the direct appropriation by a corresponding amount. The reductions must be noted in the budget document submitted to the 79th legislature, in addition to an estimate of similar federal money anticipated for the biennium ending June 30, 1997. At the end of fiscal years 1994 and 1995, the chairs of the human services division of the house health and human services committee and the health care and family services finance division of the senate committees on health care and family services shall receive written notification explaining these reductions.

The commissioner of human services, with the approval of the commissioner of finance and by direction of the governor after consulting with the legislative advisory commission, may transfer unencumbered appropriation balances among the aid to families with dependent children, aid to families with dependent children child care, Minnesota family investment, general assistance, general assistance medical care, medical assistance, Minnesota supplemental aid, group residential housing, and work readiness programs, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

Effective the day following final enactment, the commissioner may transfer unencumbered appropriation balances for fiscal year 1993 among the aid to families with dependent children, general assistance, general assistance medical care, medical assistance, Minnesota supplemental aid, and work readiness programs, and the entitlement portion of the chemical dependency consolidated treatment fund, with the approval of the commissioner of finance after notification of the chair of the senate family services and health care division and the chair of the house of representatives human services division.

Appropriations and federal receipts for information system projects for MAXIS, child support enforcement, and the Minnesota Medicaid information system must be deposited in the state systems account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the information policy office, funded by the legislature, and approved by the commissioner of finance may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

Any reduction in the base for GA or GAMC attributed to the movements of clients from those programs to the work readiness pilot projects creating the work experience component shall be reinstated as part of the base in the governor's proposed budget for 1996-1997.

\$75,000 is available in the fiscal year ending June 30, 1994, and \$250,000 is available for the fiscal year ending June 30, 1995, for the crisis nursery program. Unexpended money appropriated for the crisis nursery program in fiscal year 1994 does not cancel but is available for fiscal year 1995.

The commissioner of human services shall establish a special revenue fund account to manage shared communication costs necessary for the operation of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual system usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time, and other direct costs as determined by the commissioner. The commissioner of human services may accept for and on behalf of the state any gift, bequest, devise, or personal property of any kind or money tendered to the state for any purpose pertaining to the communication activities of the department. Any money so received must be deposited in the state communication systems account. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

Before hardware or software valued in excess of \$100,000 can be purchased by the department of human services, there must be information policy office approval that all appropriate policies, standards, and budget review requirements and recommendations have been met.

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

Subd. 3. Social Services Administration

General

\$68,565,000

\$70,103,000

All of the fees paid to the commissioner for interpreter referral services for people with hearing impairments shall be used for direct client referral activities. None of the fees shall be used to pay for state agency administrative and support costs.

The supplemental funding for nutrition programs serving counties where congregate and home-delivered meals were locally financed prior to participation in the nutrition program of the Older Americans Act shall be awarded at no less than the same levels as in fiscal year 1993.

The Minnesota board on aging, in cooperation with the area agencies on aging and statewide senior citizen organizations, shall develop and present to the legislature by February 1, 1994, a plan for operating the Aging Ombudsman programs through grants to private, nonprofit organizations, wherever possible. The plan shall specify a request for proposals process to solicit applications for areas currently unserved by grantees. Goals of the plan and its implementation are to improve advocacy services for nursing home residents, acute care patients, and home care clients by strengthening quality, access, and independence, as well as by taking full advantage of local matching funds. The plan must include a formula and rationale for the allocation of state and federal ombudsman funds among regions within the state.

For the purpose of transferring certain persons from the SILS program to the home and community-based waived services program for persons with mental retardation or related conditions, the amount of funds transferred between the semi-independent living services (SILS) account or the state community social services account and the state medical assistance account shall be based on each county's participation in transferring persons to the waived services program. No person for whom these funds are transferred shall be required to obtain a new living arrangement, notwithstanding Minnesota Statutes, section 252.28, subdivision 3, paragraph (4), and Minnesota Rules, parts 9525.1800, subpart 25a, and 9525.1869, subpart 6. When supported living services are provided to persons for whom these funds are transferred, the commissioner may substitute the licensing standards of Minnesota Rules, parts 9525.0500 to 9525.0660, for parts 9525.2000 to 2525.2140, if the services remain nonresidential as defined in Minnesota Statutes, section 245A.02, subdivision 10. For the purpose of Minnesota Statutes, chapter 256G, when a service is provided under these substituted licensing standards, the status of residence of the recipient of that service shall continue to be considered excluded time.

APPROPRIATIONS

Available for the Year
Ending June 30

1994

1995

Contingent upon federal approval of expanding eligibility for home and community-based services for persons with mental retardation or related conditions, the commissioner shall reduce the state semi-independent living services (SILS) payments to each county by the total medical assistance expenditures for nonresidential services attributable to former SILS recipients transferred by the county to the home and community-based services program for persons with mental retardation or related conditions. Of the reduced SILS payments determined above, the commissioner shall transfer to the state medical assistance account an amount equal to the nonfederal share of the nonresidential services under the home and community-based services for persons with mental retardation or related conditions. Of the remaining reduced SILS payments, 80 percent shall be returned to the SILS grant program to provide additional SILS services and 20 percent shall be transferred to the general fund.

An additional \$20,000 each year is appropriated from the children's trust fund to the special revenue fund for administration and indirect costs of the children's trust fund program.

From the money appropriated in this subdivision, the commissioner shall transfer \$25,000 to the commissioner of trade and economic development to be used for an area action planning grant to a city which has at least 30 percent renter-occupied housing. The planning grant must address an area within the city containing at least 20 percent of the city's population and at least three percent of its land. The median household income of the area must be 80 percent of the county median, or less. The residential buildings in the area must be at least 50 percent renter-occupied and at least 50 percent of them must have been built before 1970.

The commissioner of human services shall study and report on the adequacy and effectiveness of investigations of child maltreatment in day care centers licensed under Minnesota Rules, parts 9503.0005 to 9503.0175. The commissioner shall report back to the legislature by February 1, 1994, with recommendations on whether the county or state agency should conduct such investigations. In preparing the study, the commissioner shall consult with providers and representatives of county social service agencies.

\$54,000 of the funds appropriated to the commissioner of human services for operation of the Early Childhood Care and Education Council under Minnesota Statutes, section 256H.195, shall be used to enable the commissioner to contract with the greater Minneapolis day care association to establish a pilot program for training child care workers. The program shall be subject to the provisions of Minnesota Statutes, chapter 178, regarding masters and apprentices, including but not limited to, the requirements for an apprenticeship agreement, the approval and registration of apprenticeship programs, and the certification of completion of apprenticeship.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

The pilot project shall be designed to provide (1) in-service training, (2) coursework, and (3) salary upgrades, for child care workers employed in facilities licensed by the commissioner of human services under Minnesota Rules, chapters 9502 and 9503. Projects shall be designed to train child care workers to qualify as assistant teachers, teachers, and in-service trainers or mentors, in a sequenced professional development program. The commissioner shall evaluate the pilot projects and shall present a report to the legislature by February 15, 1995.

The report shall contain recommendations on the feasibility of establishing a statewide program for training child care workers.

Of this appropriation, \$250,000 is available for the planning and design stage for the social services information system, which shall include:

- (a) general requirements definition for the county-based system and the state system;
- (b) detailed design specifications;
- (c) system life cycle analysis, including detailed analysis of system size and scope during its life cycle; and
- (d) implementation plan, including detailed estimates of costs to implement and operate the system.

The department shall prepare a report to the legislature in January 1994 specifying the costs required to implement and operate the system and the federal financial participation rates expected, and seeking approval for continuation of development and implementation.

Of this appropriation, \$100,000 each year is for a grant to the New Chance demonstration project that provides comprehensive services to young AFDC recipients who became pregnant as teenagers and dropped out of high school. The commissioner shall provide an annual report on the progress of the demonstration project, including specific data on participant outcomes in comparison to a control group that received no services. The commissioner shall also include recommendations on whether strategies or methods that have proven successful in the demonstration project should be incorporated into the STRIDE employment program for AFDC recipients.

Of the appropriation for aging services grants, \$50,000 each year is to increase the appropriation for home delivered meals.

Of this appropriation, \$3,500,000 is for collaboratives to be spent as follows: (1) \$1,500,000 in fiscal year 1994 for planning grants to collaboratives, to be awarded according to procedures published by the children's cabinet; and (2) \$1,000,000 each year of the biennium for implementation grants to collaboratives that have plans approved by the children's cabinet. The commissioner may transfer any unspent portion of the appropriation for planning grants to the fiscal year 1995 appropriation for program grants with the approval of the commissioner of finance. None of this appropriation shall become part of the base for the 1996-1997 biennium.

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

Subd. 4. Health Care Administration

General	\$1,370,722,000	\$1,514,593,000
---------	-----------------	-----------------

Notwithstanding Minnesota Statutes, section 13.03, subdivision 5, the rate-setting computer program except the edits and screens for nursing home payment rates is not trade secret information and is public data not on individuals. If a person requests this data, the commissioner of human services shall require the requesting person to pay no more than the actual costs of searching for and retrieving the data, including the cost of employee time, and for making, certifying, compiling, and electronically transmitting the copies of the data or the data, but may not charge for separating public data from not public data.

Medical assistance and general assistance medical care payments for mental health services provided by masters-prepared mental health professionals, except services provided by community mental health centers, shall be 75 percent of the rate paid to doctoral-prepared professionals for fiscal year 1994 and shall be 80 percent of the rate paid to doctoral-prepared professionals for fiscal year 1995.

Money appropriated for preadmission screening and the alternative care program for fiscal year 1995 may be used for these purposes in fiscal year 1994.

In the event that a large community-based facility licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, for more than 16 beds, but not certified as an intermediate care facility for persons with mental retardation or related conditions, closes and alternative services for the residents are necessary, the commissioner may transfer on a quarterly basis to the state medical assistance account from each affected county's community social service allocation an amount equal to the state share of medical assistance reimbursement for such residential and day habilitation services funded by the medical assistance program and provided to clients for whom the county is financially responsible.

The commissioner is authorized to collect information from providers of ICF/MR, MR waiver, SILS, and day training and habilitation services regarding the total compensation paid to individuals who claim reimbursement of all or part of that compensation in any of those programs, including non-Minnesota services for developmentally disabled, if that individual's total compensation is in excess of \$50,000. The information shall be provided in a manner specified by the commissioner within 90 days of its request.

For this purpose, an individual's total compensation includes wages, salary, wages or salaries from consultant contracts whether or not from related organizations, board of director fees, bonuses, deferred compensation, retirement plans such as IRA's, pension, and profit sharing plans, fringe benefits such as life insurance and health insurance, or other employee benefits such as use of a vehicle. The commissioner shall also collect the hours worked by the individual, the number facilities or programs served and the number of clients served within those facilities or programs by the individual.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

The commissioner shall collect this information for calendar years 1992 and 1993, and shall analyze and report the results of this study to the legislature on January 31, 1994, and January 31, 1995, respectively. If the total compensation information is not provided either in the manner specified by the commissioner or within 90 days of the commissioner's request, the commissioner shall reduce that provider's payment rates by 5 percent until the information is provided. Upon submittal of the information, the commissioner shall retroactively reinstate the provider's 5 percent payment rate reductions.

The nonfederal share of the costs of case management services provided to persons with mental retardation or related conditions who are relocated from nursing facilities as required by federal law and who receive home- and community-based services that are funded through the waiver granted under section 1915(c)(7)(B) of the Social Security Act may be provided from state-appropriated funding for medical assistance grants. The division of cost is subject to Minnesota Statutes, section 256B.19, and the services are included as covered programs and services under Minnesota Statutes, section 256.025, subdivision 2.

Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

In the event that federal financial participation in the Minnesota medical assistance program is reduced as a result of a determination that Minnesota is out of compliance with Public Law Number 102-234 or its implementing regulations or with any other federal law designed to restrict provider tax programs or intergovernmental transfers, the commissioner of human services shall appeal the determination to the fullest extent permitted by law and may rateably reduce all medical assistance and general assistance medical care payments to providers other than the state of Minnesota by a like amount in order to eliminate any shortfall resulting from the reduced federal funding. Any amount later recovered through the appeals process shall be used to reimburse providers for any rateable reductions taken.

Effective for money received on or after March 25, 1993, and during the biennium ending June 30, 1995, the state share of the settlement from the Sandoz company clozaril litigation shall be dedicated to the commissioner of human services to supplement the HIV drug program that is funded through the federal Ryan White Act and is available until expended.

The pharmacy dispensing fee shall be \$4.10 per prescription.

Medical assistance inpatient rates identified in Minnesota Statutes, sections 256.9685 to 256.9695, shall be increased as follows: for inpatient admissions to (1) a children's hospital, nine percent; (2) a public hospital with calendar year 1991 noncapitation medical assistance inpatient dollar volume in excess of 13 percent of total calendar year 1991 noncapitation medical assistance inpatient dollar

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

volume, six percent; and (3) a teaching hospital operated by the University of Minnesota and having calendar year 1991 noncapitation medical assistance inpatient dollar volume in excess of eight percent of total calendar year 1991 noncapitation medical assistance dollar volume, three percent. For the purposes of this paragraph, a children's hospital is defined as one that is engaged in furnishing services to inpatients who are predominantly individuals under 18 years of age.

Up to \$40,000 of the appropriation for preadmission screening and alternative care for fiscal year 1994 may be transferred to the health care administration account to pay the state's share of county claims for conducting nursing home assessments for persons with mental illness or mental retardation as required by Public Law Number 100-203.

Money appropriated in fiscal year 1994 for the administration and handling of vaccinations purchased from the Centers for Disease Control shall be transferred to the commissioner of health and is available until expended. The administration and handling must be done in a cost-effective manner, either by using existing storage capacity at the department of health, or by contracting out to a private vendor.

For the fiscal year ending June 30, 1994, a newly constructed or newly established intermediate care facility for the mentally retarded that is developed and financed during that period shall not be subject to the equity requirements in Minnesota Statutes, section 256B.501, subdivision 11, paragraph (d), or in Minnesota Rules, part 9553.0060, subpart 3, item F, provided that the provider's interest rate does not exceed the interest rate available through state agency tax-exempt financing.

For the fiscal year ending June 30, 1994, if a facility which is in receivership under Minnesota Statutes, section 245A.12 or 245A.13, is sold to an unrelated organization: (a) notwithstanding Minnesota Statutes, section 256B.501, subdivision 11, the facility shall be considered a new facility for rate setting purposes; and (b) the facility's historical basis for the physical plant, land, and land improvements for each facility must not exceed the prior owner's aggregate historical basis for these same assets for each facility. The allocation of the purchase price between land, land improvements, and physical plant shall be based on the real estate appraisal using the depreciated replacement cost method.

The preadmission screening payment to a county not participating in projects under Minnesota Statutes, section 256B.0917, shall be the greater of the county's fiscal year 1993 payment or the county's fiscal year 1993 estimate as provided to the commissioner of human services by February 15, 1992. Counties participating in projects under Minnesota Statutes, section 256B.0917, and that did not receive an inflation adjustment for fiscal year 1993 shall receive a one-time five percent inflation adjustment to the payment that they were allotted in fiscal year 1993.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

The commissioner of human services shall grant inflation adjustments for nursing facilities with rate years beginning during the biennium according to Minnesota Statutes, section 256B.431, subdivision 21, and shall grant inflation adjustments for intermediate care facilities for persons with mental retardation or related conditions with rate years beginning during the biennium according to Minnesota Statutes, section 256B.501, subdivision 3c.

Services provided by a physical therapy assistant shall be reimbursed at the same rate as services performed by a physical therapist when the services of the physical therapy assistant are provided under the direction of a physical therapist who is on the premises. Services provided by a physical therapy assistant that are provided under the direction of a physical therapist who is not on the premises shall be reimbursed at 65 percent of the physical therapist rate. Services provided by an occupational therapy assistant shall be reimbursed at the same rate as services performed by an occupational therapist when the services of the occupational therapy assistant are provided under the direction of the occupational therapist who is on the premises. Services provided by an occupational therapy assistant that are not provided under the direction of an occupational therapist who is not on the premises shall be reimbursed at 65 percent of the occupational therapist rate.

Notwithstanding statutory provisions to the contrary, the commissioner of human services shall increase reimbursement rates for the following by three percent for the fiscal year ending June 30, 1995: nursing services and home health aide services under Minnesota Statutes, section 256B.0625, subdivision 6a; personal care services, and nursing supervision of personal care services, under Minnesota Statutes, section 256B.0625, subdivision 19a; private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7; home- and community-based services waiver for persons with mental retardation and related conditions under Minnesota Statutes, section 256B.501; community alternatives for disabled individuals waiver under Minnesota Statutes, section 256B.49; community alternative care waiver under Minnesota Statutes, section 256B.49; home- and community-based services waiver for the elderly under Minnesota Statutes, section 256B.0915; alternative care program under Minnesota Statutes, section 256B.0913; traumatic brain injury waiver under Minnesota Statutes, section 256B.093; adult residential program grants, under rule 12, under Minnesota Rules, parts 9535.2000 to 9535.3000; adult and family community support grants, under rules 14 and 78, under Minnesota Rules, parts 9535.1700 to 9535.1760; day training and habilitation services for adults with mental retardation and related conditions under Minnesota Statutes, sections 252.40 to 252.47; and semi-independent living services under Minnesota Statutes, section 252.275.

\$25,000 is appropriated for the biennium to the commissioner of human services for a planning grant for the 30-bed hospital located in Chisago county.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

The commissioner shall implement a point-of-sale electronic claims management system to process claims for medical assistance payment from pharmacy providers. The system must be able to perform on-line, real-time eligibility verifications, and enhanced claims data capture, for pharmacy providers by January 31, 1994. No later than 60 days after that date the system must be able to perform on-line real-time adjudication of pharmacy claims. If the system is not able to perform the claims adjudication within 60 days after January 31, 1994, the commissioner must, as soon as possible thereafter, enter into a contract with a private vendor for a similar system.

The commissioner of human services may implement demonstration projects designed to create alternative delivery systems for acute and long-term care services to elderly and disabled persons which provide increased coordination, improve access to quality services, and mitigate future cost increases. Before implementing the projects, the commissioner must provide information regarding the projects to the appropriate committees of the house and senate.

Money appropriated for the interagency long-term care planning committee (INTERCOM) activity may be transferred among all agencies specified in Minnesota Statutes, section 144A.31, subdivision 1, with the approval of the members and the commissioner of finance.

The commissioner shall study modifications to Minnesota Rules, parts 9553.0010 to 9553.0080, governing the reimbursement system for intermediate care facilities for persons with mental retardation, and shall solicit advice from the public, including provider groups, advocates, and legislators when developing rule amendments. The commissioner shall report to the legislature by January 31, 1994, on the status of revision to these rule parts.

Community social services act grant funds for case management shall be increased by \$600,000 and the medical assistance account shall be decreased by the total amount appropriated to the medical assistance account for the purposes of preplacement planning for persons with mental retardation or related conditions.

The commissioner shall study and report to the legislature by February 1, 1994, recommendations on the feasibility of developing a Medicaid inpatient hospital payment system similar to the current Medicare methodology. The study shall examine at least the following reimbursement options: (1) Medicare diagnostic related grouping methodology, (2) reimbursement of small volume Medicaid providers on a percentage-of-charges basis rather than on a prospective basis; (3) equitable methods for reimbursing the additional costs incurred by teaching hospitals, children's hospitals, and high-volume Medicaid hospitals; and (4) contracting with an outside agency for the administration of the Medicaid program. The study shall also develop a plan to combine the medical assistance inpatient hospital reimbursement system with the reimbursement system to be developed by the health care commission. The commissioner shall establish a task force including department staff, hospital industry representatives, and health care commission representatives to assist with the

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

preparation of the report and recommendations. The report shall include recommendations on the feasibility of implementing a new reimbursement system on July 1, 1994, and an estimate of the cost or savings associated with any recommended changes.

The commissioner may not adjust hospital reimbursement rates to provide a new hospital payment for short length of stay mental health patients without the prior approval of the legislature unless the adjustment will result in budget savings.

The commissioner shall apply to the federal government for a waiver from Code of Federal Regulations, parts 441.206 and 441.256, which require certain attachments be included with Medicaid provider billings, in order to enable the commissioner to allow providers to submit most or all bills electronically.

The commissioner shall allocate money for home and community-based services to meet the needs of developmentally disabled individuals on the following priority basis: (1) to serve individuals on county waiting lists; and (2) to serve individuals who have been screened for discharge from regional treatment centers. In allocating waiver slots to counties under Minnesota Statutes, sections 256B.092 and 256B.501, the commissioner shall ensure that at least as many individuals are served from county waiting lists as the net census reduction from regional treatment centers.

The commissioner of finance shall transfer \$50,000 in fiscal year 1994 and \$50,000 in 1995 from the department of human services' training budget to the state technical college system. This transfer is to be used for customized training of staff who work directly with persons with developmental disabilities. Any unexpended money shall revert to the general fund.

Effective for services rendered on or after July 1, 1993, the current medical assistance payment rate for ambulance services shall be increased by three percent.

Money appropriated for a peer grouping study in fiscal year 1994 but not expended does not cancel but is available for this purpose in fiscal year 1995.

Subd. 5. Family Self-Sufficiency Administration

General

\$350,863,000

\$327,109,000

Effective the day following final enactment, the appropriation in Laws 1991, chapter 292, article 1, section 2, subdivision 4, is increased by \$13,286,000. Of this amount, \$13,186,000 is to cover MAXIS operating deficiencies in fiscal year 1993 and \$100,000 is to be transferred to the department of administration information policy office for an independent information system review of MAXIS. The appropriation to the information policy office does not cancel but shall be available until June 30, 1994. The review shall determine if operating expenses can be reduced, if distributed processing can be used, and if system performance can be improved. Findings of the review shall be reported to the legislature by February 1, 1994.

APPROPRIATIONS

Available for the Year

Ending June 30

1994

1995

The commissioner shall set the monthly standard of assistance for general assistance and work readiness assistance units consisting of an adult recipient who is childless and unmarried or living apart from his or her parents or a legal guardian at \$203.

Federal food stamp employment and training funds received for the work readiness program are appropriated to the commissioner to reimburse counties for work readiness service expenditures.

Of the appropriation for aid to families with dependent children, the commissioner shall provide supplementary grants not to exceed \$200,000 a year for aid to families with dependent children. The commissioner shall include the following costs in determining the amount of the supplementary grants: major home repairs; repair of major home appliances; utility recaps; supplementary dietary needs not covered by medical assistance; and replacements of furnishings and essential major appliances.

Any federal money remaining from receipt of state legalization impact assistance grants, after reimbursing the department of education for actual expenditures, must be deposited in the aid to families with dependent children account.

Unexpended money appropriated for (1) project STRIDE work experience activities under Minnesota Statutes, section 256.737; (2) work readiness employment and training services; (3) the Minnesota family investment plan; or (4) the child support restructuring initiative for fiscal year 1994 does not cancel but is available for fiscal year 1995.

Of the appropriation for child support enforcement, \$2,570,000 in fiscal year 1994 and \$3,233,000 in fiscal year 1995 is for implementation of the child support restructuring initiative. Unexpended funds for fiscal year 1994 do not cancel but are available to the commissioner for fiscal year 1995.

The commissioner may accept on behalf of the state any gift or bequest of money tendered to the state for the purpose of financing an evaluation of the Minnesota family investment plan. Any money so received must be deposited in the MFIP evaluation account in the department and is appropriated to the commissioner for financing of this evaluation.

For the food stamp program error rate sanction for federal fiscal year 1986, the commissioner is granted an exception to the provisions of Minnesota Statutes, section 256.01, subdivision 2, clause (14), requiring allocation of sanctions to county human service agencies.

Payments to the commissioner from other governmental units and private enterprises for services performed by the issuance operations center shall be deposited in the state systems account authorized in Minnesota Statutes, section 256.014. The payments so received by the commissioner are appropriated for the purposes of that section for the operation of the issuance center, and are to be used according to the provisions of that section.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

The commissioner of the department of human services is authorized to receive Hennepin county conversion contributions of \$400,000 per year in calendar years 1994 and 1995 to be used for the expansion of electronic benefit transfer systems to Hennepin county. Money received from the county shall be added to the appropriation. Money received will be applied directly to project costs and shall not cancel, but shall remain available for expenditure until expansion is complete.

The commissioner may accept assignment of an existing contract for electronic benefit transfer services, under terms and conditions approved by the attorney general. The term of any contract assigned to the state may not extend beyond June 30, 1995, and the commissioner must publish a request for proposals for succeeding electronic benefit services in the State Register before January 1, 1995.

The commissioner shall prepare materials for submission to the secretary of the United States Department of Health and Human Services and to the Minnesota congressional delegation to urge the congress to amend federal law to permit payment of AFDC benefits to otherwise eligible families with children in foster care, as was permitted prior to 1986 under Title IV-E of the Social Security Act.

The commissioner shall submit electronic benefit transfer project plans to the information policy office for its review and approval. The plans shall include an evaluation of the Ramsey county system and a life cycle analysis of the project. The department shall examine ways to share network development and operating costs with businesses participating in the electronic benefits program, and ways that the system can be used for the delivery of other government services.

Beginning July 1, 1993, the commissioner of human services shall develop an intensive training program for county workers who do general assistance intake work. The program shall be designed to provide county workers with expertise in implementing the restrictions on eligibility in general assistance that will take effect on October 1, 1993. Those restrictions will affect the eligibility of undocumented aliens and nonimmigrants for these programs. The training programs must be provided to all county social workers who do general assistance intake. The programs shall include training in the following: federal immigration law, state and federal human rights and civil rights standards, and multi-cultural awareness and sensitivity. The commissioner shall report to the legislature by February 15, 1994, on the status of these training programs.

Effective the day following final enactment, fiscal year 1993 appropriations made to the commissioner of human services for computer projects may be transferred between operations and development. A transfer under this paragraph may be made at the discretion of the commissioner, but must not be made to any project not previously approved by the commissioner of finance and the information policy office.

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

For the fiscal year ending June 30, 1995, \$268,000 is transferred from the general assistance grants and \$195,000 is transferred from the MSA grants to Hennepin county social services grants. This amount represents group residential housing payments for 32 persons receiving services in Hennepin county from a provider that on August 1, 1984, was licensed under Minnesota Rules, parts 9525.0520 to 9525.0660, but funded as a group residence under general assistance or Minnesota supplemental aid. These 32 beds are to be permanently removed from the group residential census and not replaced by other group residential housing agreements.

Subd. 6. Mental Health and Regional Treatment Center Administration

General	\$259,771,000	\$260,314,000
---------	---------------	---------------

For purposes of restructuring the regional treatment centers and state nursing homes, any regional treatment center or state nursing home employee whose position is to be eliminated shall be afforded the options provided in applicable collective bargaining agreements. All salary and mitigation allocations from fiscal year 1994 shall be carried forward into fiscal year 1995. Provided there is no conflict with any collective bargaining agreement, any regional treatment center or state nursing home position reduction must only be accomplished through mitigation, attrition, transfer, and other measures as provided in state or applicable collective bargaining agreements and in Minnesota Statutes, section 252.50, subdivision 11, and not through layoff.

If the resident population at the regional treatment centers is projected to be higher than the estimates upon which the medical assistance forecast and budget recommendations for the 1994-95 biennium were based, the amount of the medical assistance appropriation that is attributable to the cost of services that would have been provided as an alternative to regional treatment center services, including resources for community placements and waived services for persons with mental retardation and related conditions, is transferred to the residential facilities appropriation.

The commissioner of human services is prohibited from transferring any building on the campus of the Faribault regional treatment center to any other state agency, or from declaring any building or acreage on the campus to be surplus, unless specifically authorized to do so by the legislature.

The commissioner may determine the need for conversion of a state-operated home and community-based service program to a state-operated intermediate care facility for persons with mental retardation if the conversion will produce a net savings to the state general fund and the persons receiving home and community-based services choose to receive services in an intermediate care facility for persons with mental retardation. After the commissioner has determined the need to convert the program, the commissioner of health shall certify the program as an intermediate care facility for persons with mental retardation if the program meets applicable certification standards.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

Of the state enhanced waiver slots authorized for regional treatment center downsizing, 32 in fiscal year 1994 and an additional 36 in fiscal year 1995 shall be for state-operated services. Of these a minimum of eight in fiscal year 1994 and an additional four in fiscal year 1995 shall be utilized by the Cambridge Regional Treatment Center and a minimum of eight in fiscal year 1994 and an additional four in fiscal year 1995 shall be utilized at the Fergus Falls regional treatment center.

Of the enhanced waiver slots authorized for the Faribault regional treatment center, 64 shall be for state-operated services.

Of the enhanced waiver slots authorized for the Moose Lake regional treatment center, 12 shall be for state-operated services.

Any unexpended appropriations from the regional treatment center supplements for state enhanced waiver slots shall be transferred into the regional treatment center salary account.

The commissioner may transfer unencumbered appropriation balances between fiscal years for the state residential facilities repairs and betterments account and special equipment.

Wages for project labor may be paid by the commissioner of human services out of repairs and betterments money if the individual is to be engaged in a construction project or a repair project of short-term and nonrecurring nature. Compensation for project labor shall be based on the prevailing wage rates, as defined in Minnesota Statutes, section 177.42, subdivision 6. Project laborers are excluded from the provisions of Minnesota Statutes, sections 43A.22 to 43A.30, and shall not be eligible for state-paid insurance and benefits.

When the operations of the regional treatment center chemical dependency fund created in Minnesota Statutes, section 246.18, subdivision 2, are impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance shall transfer general fund cash reserves into this account as necessary to meet cash demands. The cash flow transfers must be returned to the general fund as soon as sufficient cash balances are available in the account to which the transfer was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not the regional treatment center chemical dependency fund.

Money is appropriated from the mental health special projects account for adults and children with mental illness from across the state, for a camping program which utilizes the Boundary Waters Canoe Area and is cooperatively sponsored by client advocacy, mental health treatment, and outdoor recreation agencies.

Of this appropriation, \$560,000 the first year is for children's integrated mental health grants. Any money not expended in the first year is available the second year. The three positions to provide technical assistance to counties are unclassified.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

Funds received by the commissioner of human services from the state lottery director shall be used for the compulsive gambling treatment programs authorized by Minnesota Statutes, section 245.98, subdivision 2, including programs operated at the following facilities: St. Mary's hospital, Minneapolis; Gamblers Choice, Intervention Institute, Minneapolis; Upper Mississippi Health Service, Bemidji; Gamestar, St. Cloud; Lake Superior Area Family Services, Duluth; and Project Turnabout, Granite Falls. In determining the amount of money to be given to each facility the commissioner shall consider the projected number of clients to be served, quality of services and whether the treatment will be inpatient or outpatient.

Of the appropriation for compulsive gambling treatment programs and the council on compulsive gambling under Minnesota Statutes, section 349.212, subdivision 2, \$25,000 each year shall be designated for the Minnesota council on compulsive gambling for the development of an information gathering and dissemination network. Any money allocated or contributed for the compulsive gambling treatment programs does not cancel but shall be available for compulsive gambling treatment programs.

The legislature recognizes that orderly transfer of buildings at the Moose Lake regional center from the commissioner of human services to the commissioner of corrections is necessary to assure the welfare of vulnerable persons, to facilitate a shared campus, and to abide by legislated policies concerning the future of regional treatment centers and state correctional facilities.

In accordance with legislative policies, the transfer of buildings at the Moose Lake regional center from the commissioner of human services to the commissioner of corrections during fiscal year 1994 shall be carried out as follows:

- (1) The commissioner of human services shall transfer buildings at the Moose Lake campus housing persons with mental illness and psychogeriatric patients to the commissioner of corrections upon the commencement of planning and design for construction of a 100-bed psychopathic personality treatment facility at the Moose Lake regional treatment center;
- (2) buildings that house developmentally disabled persons may be transferred by the commissioner of human services to the commissioner of corrections when the commissioner of human services certifies that all persons with developmental disabilities from the Moose Lake regional center have been placed in appropriate community-based programs and that at least 12 of the same residents have been placed in state operated community services; and
- (3) buildings housing programs for chemically dependent persons at the Moose Lake regional center may be transferred by the commissioner of human services to the commissioner of corrections after alternative facilities for state operated chemical dependency programs have been located off campus in the Moose Lake catchment area and all program residents and staff have been relocated to the new state operated community-based program.

APPROPRIATIONS
Available for the Year
Ending June 30

1994 1995

The appropriation from the Metropolitan Landfill Contingency Action Fund is for monitoring well water supplies and conducting health assessments in the metropolitan area.

The appropriation from the trunk highway fund is for emergency medical services activities.

Subd. 2. Health Protection		16,741,000	15,825,000
	Summary by Fund		
General	7,124,000	6,978,000	
State Government Special Revenue	9,448,000	8,665,000	
Metropolitan Landfill Contingency Action Fund	169,000	182,000	

Of this appropriation, \$150,000 is an increase for lead activities and programs of which \$25,000 must be used to provide safe housing, under Minnesota Statutes, section 144.874, subdivision 4, to meet the relocation requirements of residential lead abatement and \$25,000 must be used to provide grants to nonprofit community-based organizations in areas at high risk for toxic lead exposure, for lead cleanup equipment and material grants under Minnesota Statutes, section 144.872, subdivision 4.

Of this appropriation, \$40,000 is appropriated each year to maintain lead inspector services outside the seven-county metropolitan area.

Of this appropriation, \$75,000 is for a grant to the World Health Organization collaborating center for reference and research on streptococci at the University of Minnesota to conduct a study to determine the efficacy of conducting throat cultures for evidence of streptococcal infection in selected symptomatic students. The study must be conducted in four schools, one of which is in rural Minnesota and one of which is in a core city. The study must be conducted with students in grades K-12.

Subd. 3. Health Care Resources and Systems		3,680,000	3,671,000
	Summary by Fund		
General	350,000	350,000	
State Government Special Revenue	3,330,000	3,321,000	

Of this appropriation, \$75,000 is appropriated each year to the commissioner of health for the purposes of occupational analysis under Minnesota Statutes, chapter 214. The commissioner may convene an advisory committee to assist in developing recommendations.

Any efforts undertaken by the Minnesota departments of health or human services to conduct periodic educational programs for nursing home residents shall build on and be coordinated with the resident and family advisory council education program established in Minnesota Statutes, section 144A.33.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

Notwithstanding the provisions of Minnesota Statutes, sections 144.122 and 144.53, the commissioner of health shall increase the annual licensure fee charged to a hospital accredited by the joint commission on accreditation of health care organizations by \$520 and shall increase the annual licensure fee charged to nonaccredited hospitals by \$225.

Notwithstanding the provisions of Minnesota Statutes, sections 144.122, 144.53, and 144A.07, a health care facility licensed under the provisions of Minnesota Statutes, chapter 144 or 144A, may submit the required fee for licensure renewal in quarterly installments. Any health care facility requesting to pay the renewal fees in quarterly payments shall make the request at the time of license renewal. Facilities licensed under the provisions of Minnesota Statutes, chapter 144, shall submit quarterly payments by January 1, April 1, July 1, and October 1 of each year. Nursing homes licensed under Minnesota Statutes, chapter 144A, shall submit the first quarterly payment with the application for renewal, and the remaining payments shall be submitted at three-month intervals from the license expiration date. The commissioner of health can require full payment of any outstanding balance if a quarterly payment is late. Full payment of the annual renewal fee will be required in the event that the facility is sold or ceases operation during the licensure year. Failure to pay the licensure fee is grounds for the nonrenewal of the license.

The commissioner shall adjust the fees for hospital licensure renewal in such a way that fees for hospitals not accredited by the joint commission on accreditation of health care organizations are capped at \$2,000, plus \$100 per bed. Any loss of revenue that results from this cap must be evenly distributed to hospitals which are accredited by the joint commission.

The commissioner shall report to the chairs of the house of representatives health and housing finance division and the senate health and family services finance division by January 1, 1995, on progress in developing a revised cost allocation system to determine licensing fees for health care facilities and shall recommend language to modify hospital and nursing home fees accordingly.

Effective the day following final enactment, in the event that the commissioner of health is ordered by a court or otherwise agrees to assume responsibility for the handling of patient's medical records from a closed hospital, such records shall be considered as medical data under the provisions of Minnesota Statutes, section 13.42, subdivision 3. The commissioner of health is authorized to handle and to provide access to these records in accordance with the provisions of Minnesota Statutes, sections 145.30 to 145.32 and 144.335. A written certification by the commissioner of health or the commissioner's designee that a photographic or photostatic copy of a record is a complete and correct copy shall have the same force and effect as a comparable certification of an officer or employee in charge of the records of the closed hospital. Costs incurred for the handling of these records pursuant to Minnesota Statutes, sections 145.30 to 145.32, shall be considered as a lien on the property of the closed hospital in accordance with the provisions of Minnesota Statutes, section 514.67. At the commissioner of health's discretion, all or a portion of this lien may be released in consideration for

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

payment of a reasonable portion of the costs incurred by the commissioner. Any costs incurred by the commissioner for the handling of or providing access to the medical records must be recovered through charges for the access to records under Minnesota Statutes, section 144.335. The commissioner may contract for services for the handling of the medical records pursuant to Minnesota Statutes, sections 145.30 to 145.32, and for the provision of access to these records. Any revenues received by the commissioner through collections from the closed hospital or from charges for access shall be used to cover any contractual costs. Any remaining money shall be deposited into the state government special revenue fund.

Minnesota Rules, parts 4655.1070 to 4655.1098, as in effect on September 1, 1989, are adopted as an emergency rule of the department of health. The commissioner of health shall publish in the State Register a notice of intent to adopt Minnesota Rules, parts 4655.1070 to 4655.1098 [Emergency]. The same notice shall be mailed to all persons registered with the agency to receive notice of any rulemaking proceedings. The emergency rule is exempt from the requirements of Minnesota Statutes, sections 14.32 to 14.35, and shall take effect five working days after publication in the State Register. Those rules shall govern the process for granting exceptions to the moratorium on nursing homes under Minnesota Statutes, section 144A.073, during the biennium.

Subd. 4. Health Delivery Systems

29,648,000

29,822,000

Summary by Fund

General	28,242,000	28,394,000
Trunk Highway	1,406,000	1,428,000

Of this appropriation, \$4,200,000 is an increase over the base for the WIC program.

\$150,000 in fiscal year 1995 is appropriated to the ambulance service personnel longevity award and incentive trust account. Of this appropriation, \$40,000 is appropriated from the ambulance service personnel longevity award and incentive trust account to the commissioner of health to administer the ambulance service personnel longevity award and incentive program. Of this appropriation, \$45,000 is appropriated from the ambulance service personnel longevity award and incentive trust account to the commissioner of health to redesign and consolidate the volunteer ambulance attendant reimbursement database, to establish the database for the personnel longevity award and incentive program, and to purchase computer equipment for fiscal year 1995.

General fund appropriations for the women, infants and children food supplement program (WIC) are available for either year of the biennium. Transfers of appropriations between fiscal years must be for the purpose of maximizing federal funds or minimizing fluctuations in the number of participants.

When cost effective, the commissioner may use money received for the services for children with handicaps program to purchase health coverage for eligible children.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

In the event that Minnesota is required to comply with the provision in the federal maternal and child health block grant law, which requires 30 percent of the allocation to be spent on primary services for children, federal funds allocated to the commissioner of health under Minnesota Statutes, section 145.882, subdivision 2, may be transferred to the commissioner of human services for the purchase of primary services for children covered by MinnesotaCare. The commissioner of human services shall transfer an equal amount of the money appropriated for MinnesotaCare to the commissioner of health to assure access to quality child health services under Minnesota Statutes, section 145.88.

General fund appropriations for treatment services in the services for children with handicaps program are available for either year of the biennium.

Up to \$50,000 of the appropriation for treatment services in the services for children with handicaps program may be used to conduct a needs assessment of children with special health care needs and their families, and \$105,000 must be used to avoid reducing the nursing staff due to inflationary increases to the extent possible with this appropriation.

Of this appropriation, \$50,000 is to establish and administer a financial data collection program on ambulance services licensed in the state. The commissioner shall coordinate this program with the data collection initiatives of Minnesota Statutes, chapter 62J. In designing the data collection program, the commissioner shall consult with the Minnesota Ambulance Association and regional emergency medical services programs.

The financial data collection program must include, but is not limited to, ambulance charges, third-party reimbursements, sources of direct and indirect subsidies, and other costs involved in providing ambulance care in Minnesota.

All licensed ambulance services shall be required to cooperate and report information requested by the commissioner. Information collected on individuals is nonpublic data. The commissioner may provide summary data under Minnesota Statutes, section 13.05, subdivision 7, and may release summary data in reports.

The commissioner shall report to the legislature by February 1, 1995. The report must include an analysis of the financial condition of licensed ambulance services in Minnesota, including a description of:

- (1) the various organization models used to finance and deliver ambulance services;
- (2) the factors influencing the total revenues, rates charged, operational and other expenses;
- (3) limitations and barriers in collecting data on revenues and expenses;
- (4) the range of revenues collected and rates charged by type of organizational model and by region of the state;
- (5) any other significant findings relevant to the financial condition of ambulance services in the state.

APPROPRIATIONS
Available for the Year
Ending June 30

1994 1995

The commissioner may contract for the collection of data and the creation of the financial data collection system. The commissioner shall report to the legislature on January 15 in each odd-numbered year all of the above information. The commissioner shall assist ambulance services which are unable to comply with data requests. Money appropriated is available in either year of the biennium. For purposes of establishing the base for the next biennium, the commissioner of finance shall assume \$70,000 to be available for each biennium.

The commissioner may sell at market value, all nonsmoking or tobacco use prevention advertising materials. Proceeds from the sale of the advertising materials are appropriated to the department of health for its nonsmoking program.

Effective the day following final enactment, fiscal year 1993 appropriations for emergency medical technician training reimbursement under Minnesota Statutes, section 144.8091, do not cancel and are available until expended.

Subd. 5. Health Support Services		4,093,000	4,151,000
Summary by Fund			
General	2,007,000	2,065,000	
Metropolitan Landfill Contingency Action Fund	22,000	22,000	
Trunk Highway	82,000	82,000	
State Government Special Revenue	1,982,000	1,982,000	
Sec. 4. VETERANS NURSING HOMES BOARD		15,877,000	17,063,000

The board may set costs of care at the Silver Bay and Luverne facilities based on costs of average skilled nursing care provided to residents of the Minneapolis veterans home.

The veterans homes board shall limit the total administrative expenditures for the board and all the homes to no more than 17 percent of total expenditures in fiscal year ending June 30, 1994, and 16 percent of total expenditures in fiscal year ending June 30, 1995. The board may transfer money between facilities after notifying the chairs of the health and housing finance division of the health and human services committee in the house of representatives and the chair of the health and family services finance division in the senate.

The veterans homes board shall conduct an alternative site study for the Minneapolis veterans home.

Of this appropriation, \$100,000 in fiscal year 1995 is for an information system. All information policy office requirements must be met before hardware and software are purchased.

The commissioner of health shall not apply the provisions of Minnesota Statutes, section 144.55, subdivision 6, paragraph (b), to the Minnesota veterans home at Hastings.

The commissioner of health shall not reduce the licensed bed capacity for the Minneapolis veterans home in lieu of presentation to the legislature of building needs and options by the veterans homes board of directors.

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

Sec. 9. TRANSFERS

Subdivision 1. Approval Required

Transfers may be made by the commissioners of human services and health and the veterans nursing homes board to salary accounts and unencumbered salary money may be transferred to the next fiscal year in order to avoid layoffs with the advance approval of the commissioner of finance and upon notification of the chairs of the senate health care and family services finance division and the house of representatives human services finance and health and housing finance divisions. Amounts transferred to fiscal year 1995 shall not increase the base funding level for the 1996-1997 appropriation. The commissioners and the board shall not transfer money to or from the object of expenditure "grants and aid" without the written approval of the governor after consulting with the legislative advisory commission.

Subd. 2. Transfers of Unencumbered Appropriations

Positions and administrative money may be transferred within the departments of human services and health and within the programs operated by the veterans homes board as the commissioners or the board consider necessary, with the advance approval of the commissioner of finance. The commissioners and the board shall inform the chairs of the human services finance division of the house of representatives and the health care and family services division of the senate quarterly about transfers made under this provision.

Sec. 10. PROVISIONS

Money appropriated to the commissioner of human services and to the veterans nursing homes board for the purchase of provisions within the item "current expense" must be used solely for that purpose. Money provided and not used for the purchase of provisions must be canceled into the fund from which appropriated, except that money provided and not used for the purchase of provisions because of population decreases may be transferred and used for the purchase of medical and hospital supplies with the written approval of the governor after consultation with the legislative advisory commission.

The allowance for food may be adjusted annually to reflect changes in the producer price index, as prepared by the United States Bureau of Labor Statistics, with the approval of the commissioner of finance. Adjustments for fiscal year 1994 and fiscal year 1995 must be based on the June 1993 and June 1994 producer price index respectively, but the adjustment must be prorated if the wholesale food price index adjustment would require money in excess of this appropriation.

Sec. 11. SUNSET OF UNCODIFIED LANGUAGE

All uncodified language contained in this article expires on June 30, 1995, unless a different expiration is explicit. All uncodified language contained in Laws 1992, chapter 513, article 5, expires on June 30, 1993, unless a different expiration is explicit.

ARTICLE 2

DEPARTMENT OF HUMAN SERVICES
FINANCE AND ADMINISTRATION

Section 1. Minnesota Statutes 1992, section 256.025, subdivision 3, is amended to read:

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

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

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

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

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

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

Sec. 2. Minnesota Statutes 1992, section 256.025, subdivision 4, is amended to read:

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

(a) Beginning July 1, 1991, the state will reimburse or pay the county share of county agency expenditures according to the reporting cycle as established by the commissioner, for the programs identified in subdivision 2. Payments for the period of January 1 through July 31, for calendar years 1991, 1992, ~~and 1993,~~ 1994, and 1995 shall be made on or before July 10 in each of those years. Payments for the period August through December for calendar years 1991, 1992, ~~and 1993,~~ 1994, and 1995 shall be made on or before the third of each month thereafter through December 31 in each of those years.

(b) Payment for 1/24 of the base amount and the January ~~1994~~ 1996 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before January 3, ~~1994~~ 1996. For the period of February 1, ~~1994~~ 1996, through July 31, ~~1994~~ 1996, payment of the base amount shall be made on or before July 10, ~~1994~~ 1996, and payment of the growth amount over the base amount shall be made on or before July 10, ~~1994~~ 1996. Payments for the period August ~~1994~~ 1996 through December ~~1994~~ 1996 shall be made on or before the third of each month thereafter through December 31, ~~1994~~ 1996.

(c) Payment for the county share of county agency expenditures during January ~~1995~~ 1997 shall be made on or before January 3, ~~1995~~ 1997. Payment for 1/24 of the base amount and the February ~~1995~~ 1997 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before February 3, ~~1995~~ 1997. For the period of March 1, ~~1995~~ 1997, through July 31, ~~1995~~ 1997, payment of the base amount shall be made on or before July 10, ~~1995~~ 1997, and payment of the growth amount over the base amount shall be made on or before July 10, ~~1995~~ 1997. Payments for the period August ~~1995~~ 1997 through December ~~1995~~ 1997 shall be made on or before the third of each month thereafter through December 31, ~~1995~~ 1997.

(d) Monthly payments for the county share of county agency expenditures from January ~~1996~~ 1998 through February ~~1996~~ 1998 shall be made on or before the third of each month through February ~~1996~~ 1998. Payment for 1/24 of the base amount and the March ~~1996~~ 1998 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before March ~~1996~~ 1998. For the period of April 1, ~~1996~~ 1998, through July 31, ~~1996~~ 1998, payment of the base amount shall be made on or before July 10, ~~1996~~ 1998, and payment of the growth amount over the base amount shall be made on or before July 10, ~~1996~~ 1998. Payments for the period August ~~1996~~ 1998 through December ~~1996~~ 1998 shall be made on or before the third of each month thereafter through December 31, ~~1996~~ 1998.

(e) Monthly payments for the county share of county agency expenditures from January ~~1997~~ 1999 through March ~~1997~~ 1999 shall be made on or before the third of each month through March ~~1997~~ 1999. Payment for 1/24 of the base amount and the April ~~1997~~ 1999 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before April 3, ~~1997~~ 1999. For the period of May 1, ~~1997~~ 1999, through July 31, ~~1997~~ 1999, payment of the base amount shall be made on or before July 10, ~~1997~~ 1999, and payment of the growth amount over the base amount shall be made on or before July 10, ~~1997~~ 1999. Payments for the period August ~~1997~~ 1999 through December ~~1997~~ 1999 shall be made on or before the third of each month thereafter through December 31, ~~1997~~ 1999.

(f) Monthly payments for the county share of county agency expenditures from January ~~1998~~ 2000 through April ~~1998~~ 2000 shall be made on or before the third of each month through April ~~1998~~ 2000. Payment for 1/24 of the base amount and the May ~~1998~~ 2000 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before May 3, ~~1998~~ 2000. For the period of June 1, ~~1998~~ 2000, through July 31, ~~1998~~ 2000, payment of the base amount shall be made on or before July 10, ~~1998~~ 2000, and payment of the growth amount over the base amount shall be made on or before July 10, ~~1998~~ 2000. Payments for the period August ~~1998~~ 2000 through December ~~1998~~ 2000 shall be made on or before the third of each month thereafter through December 31, ~~1998~~ 2000.

(g) Monthly payments for the county share of county agency expenditures from January ~~1999~~ 2001 through May ~~1999~~ 2001 shall be made on or before the third of each month through May ~~1999~~ 2001. Payment for 1/24 of the base amount and the June ~~1999~~ 2001 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before June 3, ~~1999~~ 2001. Payments for the period July ~~1999~~ 2001 through December ~~1999~~ 2001 shall be made on or before the third of each month thereafter through December 31, ~~1999~~ 2001.

(h) Effective January 1, ~~2000~~ 2002, monthly payments for the county share of county agency expenditures shall be made subsequent to the first of each month.

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

Sec. 3. [256.026] [ANNUAL APPROPRIATION.]

(a) There shall be appropriated from the general fund to the commissioner of human services in fiscal year 1994 and each fiscal year thereafter the amount of \$142,339,359, which is the sum of the amount of human services aid determined for all counties in Minnesota for calendar year 1992 under Minnesota Statutes 1992, section 273.1398, subdivision 5a, before any adjustments for calendar year 1991.

(b) In addition to the amount in paragraph (a), there shall also be annually appropriated from the general fund to the commissioner of human services in fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 the amount of \$5,930,807.

(c) The amounts appropriated under paragraphs (a) and (b) shall be used with other appropriations to make payments required under section 256.025 for fiscal year 1994 and thereafter.

Sec. 4. Minnesota Statutes 1992, section 273.1392, is amended to read:

273.1392 [PAYMENT; SCHOOL DISTRICTS; ~~COUNTIES.~~]

~~(1) [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; aids and credits under section 273.1398; enterprise zone property credit payments under section 469.171; 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.

~~(2) [AIDS TO COUNTIES.]~~ ~~The amounts of human services aid increase determined under section 273.1398, subdivision 5b, shall be deposited in a human services aid account hereby created as an account within the state's general fund. The amount within the account shall annually be transferred to the department of human services by the department of revenue. The amounts so transferred shall be paid according to section 256.025.~~

Sec. 5. Minnesota Statutes 1992, section 273.1398, subdivision 5b, is amended to read:

Subd. 5b. [STATE AID FOR COUNTY HUMAN SERVICES COSTS.] (a) Human services aid increase for each county equals an amount representing the county's costs for human services programs cited in subdivision 1, paragraph (i). The amount of the aid increase is calculated as provided in this section. ~~The aid increase shall be deposited in the human services account created pursuant to section 273.1392.~~

(b) On July 15, 1990, each county shall certify to the department of revenue the estimated difference between the county's base amount costs as defined in section 256.025 for human services programs cited in subdivision 1, paragraph (i), for calendar year 1990 and human services program revenues from all nonproperty tax sources excluding revenue from state and federal payments for the programs listed in subdivision 1, paragraph (i), and revenue from incentive programs pursuant to sections 256.019, 256.98, subdivision 7, 256D.06, subdivision 5, 256D.15, and 256D.54, subdivision 3, used at the time the levy was certified in 1989. At that time each county may revise its estimate for taxes payable in 1990 for purposes of this subdivision. The human services program estimates provided pursuant to this clause shall only include those costs and related revenues up to the extent the county provides benefits within statutory mandated standards. This amount shall be the county's human services aid amount under this section.

(c) On July 15, 1991, each county shall certify to the department of revenue the actual difference between the county's human services program costs and nonproperty tax revenues as provided in paragraph (b) for calendar year 1990. If the actual difference is larger than the estimated difference as calculated in paragraph (b), the aid amount for the county shall be increased by that amount. If the actual difference is smaller than the estimated difference as calculated in paragraph (b), the aid amount to the county shall be reduced by that amount.

~~(d) On January 1, 1991, the department of finance shall certify to the department of revenue the estimated amount of county receipts deducted from county human services expenditures pursuant to Minnesota Statutes 1988, section 287.12, in calendar year 1990. This amount shall be added to the human services aid increase amount under this section.~~

Sec. 6. Minnesota Statutes 1992, section 275.07, subdivision 3, is amended to read:

Subd. 3. The county auditor shall adjust each local government's levy certified under subdivision 1, except for the equalization levies defined in section 273.1398, subdivision 2a, paragraph (a), by the amount of homestead and agricultural credit aid certified by section 273.1398, subdivision 2, ~~reduced by the amount under section 273.1398, subdivision 5a;~~ fiscal disparity homestead and agricultural credit aid under section 273.1398, subdivision 2b; and equalization aid certified by section 477A.013, subdivision 5.

Sec. 7. [REPEALER.]

Minnesota Statutes 1992, section 273.1398, subdivisions 5a and 5c, are repealed.

ARTICLE 3

SOCIAL SERVICES AND CHILD WELFARE PROGRAMS

Section 1. Minnesota Statutes 1992, section 145.883, subdivision 5, is amended to read:

Subd. 5. [LOW INCOME.] "Low income" means an individual or family ~~with an~~ income determined to be at or below 175 percent of the ~~income~~ official poverty line ~~defined established~~ by the office of management and budget and revised annually in accordance with United States Code, title 42, section 9902, as amended ~~through December 31, 1982~~. With respect to an individual who is a high risk person, "low income" means that the income of the high risk person or the person's family is determined to be at or below 200 percent of the ~~income~~ official poverty line ~~defined established~~ by the office of management and budget and revised annually in accordance with United States Code, title 42, section 9902, as amended ~~through December 31, 1982~~, or that the person is pregnant and determined eligible for to meet the income eligibility requirements of medical assistance, MinnesotaCare, or the special supplemental food program for women, infants and children (WIC). The commissioner shall establish the low income level for eligibility for services to children with handicaps.

Sec. 2. Minnesota Statutes 1992, section 148C.01, subdivision 3, is amended to read:

Subd. 3. [OTHER TITLES.] For the purposes of sections 148C.01 to 148C.11 and 595.02, subdivision 1, all individuals, except as provided in section 148C.11, who practice, ~~as their main vocation~~, chemical dependency counseling as defined in subdivision 2, regardless of their titles, shall be covered by sections 148C.01 to 148C.11. This includes, but is not limited to, individuals who may refer to themselves as "alcoholism counselor," "drug abuse therapist," "chemical dependency recovery counselor," "chemical dependency relapse prevention planner," "addiction therapist," "chemical dependency intervention specialist," "family chemical dependency counselor," "chemical health specialist," "chemical health coordinator," and "substance abuse counselor."

Sec. 3. Minnesota Statutes 1992, section 148C.01, subdivision 6, is amended to read:

Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of ~~human services~~ health.

Sec. 4. Minnesota Statutes 1992, section 148C.02, is amended to read:

148C.02 [CHEMICAL DEPENDENCY COUNSELING LICENSING ADVISORY COUNCIL.]

Subdivision 1. [MEMBERSHIP; STAFF.] (a) The chemical dependency counseling licensing advisory council consists of 13 members. The ~~governor~~ commissioner shall appoint:

- (1) except for those members initially appointed, seven members who must be licensed chemical dependency counselors;
- (2) three members who must be public members as defined by section 214.02;
- (3) one member who must be a director or coordinator of an accredited chemical dependency training program; and
- (4) one member who must be a former consumer of chemical dependency counseling service and who must have received the service more than three years before the person's appointment.

The American Indian advisory committee to the department of human services chemical dependency office shall appoint the remaining member.

(b) The provision of staff, administrative services, and office space are as provided in chapter 214.

Subd. 2. [DUTIES.] ~~The council shall study the provision of chemical dependency counseling and advise the commissioner, the profession, and the public.~~ The commissioner, after consultation with the advisory council, shall:

- (1) develop rules for the licensure of chemical dependency counselors; and
- (2) administer or contract for the competency testing, licensing, and ethical review of chemical dependency counselors.

Sec. 5. Minnesota Statutes 1992, section 148C.03, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The commissioner shall:

- (a) adopt and enforce rules for licensure of chemical dependency counselors and for regulation of professional conduct. The rules must be designed to protect the public;
- (b) adopt rules establishing standards and methods of determining whether applicants and licensees are qualified under section 148C.04. The rules must provide for examinations ~~and must~~; establish standards for professional conduct, including adoption of a professional code of ethics; and provide for sanctions as described in section 148C.09;
- (c) hold examinations at least twice a year to assess applicants' knowledge and skills. The examinations ~~may~~ must be written ~~or~~ and oral and may be administered by the commissioner or by a nonprofit agency under contract with the commissioner to administer the licensing examinations. Examinations must minimize cultural bias and must be balanced in various theories relative to practice of chemical dependency;

- (d) issue licenses to individuals qualified under sections 148C.01 to 148C.11;
- (e) issue copies of the rules for licensure to all applicants;
- (f) establish and implement procedures, including a standard disciplinary process and a code of ethics, to ensure that individuals licensed as chemical dependency counselors will comply with the commissioner's rules;
- (g) establish, maintain, and publish annually a register of current licensees;
- (h) establish initial and renewal application and examination fees sufficient to cover operating expenses of the commissioner;
- (i) educate the public about the existence and content of the rules for chemical dependency counselor licensing to enable consumers to file complaints against licensees who may have violated the rules; and
- (j) evaluate the rules in order to refine and improve the methods used to enforce the commissioner's standards.

Sec. 6. Minnesota Statutes 1992, section 148C.03, subdivision 2, is amended to read:

Subd. 2. [CONTINUING EDUCATION COMMITTEE.] The commissioner shall appoint or contract for a continuing education committee of five persons, including a chair, which shall advise the commissioner on the administration of continuing education requirements in section 148C.05, subdivision 2.

Sec. 7. Minnesota Statutes 1992, section 148C.03, subdivision 3, is amended to read:

Subd. 3. [RESTRICTIONS ON MEMBERSHIP.] A member or an employee of the ~~department~~ entity that carries out the functions under this section may not be an officer, employee, or paid consultant of a trade association in the counseling services industry.

Sec. 8. Minnesota Statutes 1992, section 148C.04, subdivision 2, is amended to read:

Subd. 2. [FEE.] Each applicant shall pay a nonrefundable fee set by the commissioner. Fees paid to the commissioner shall be deposited in the ~~general~~ special revenue fund.

Sec. 9. Minnesota Statutes 1992, section 148C.04, subdivision 3, is amended to read:

Subd. 3. [LICENSING REQUIREMENTS FOR CHEMICAL DEPENDENCY COUNSELOR; EVIDENCE.] (a) To be licensed as a chemical dependency counselor, an applicant must meet the requirements in clauses (1) to (3).

(1) Except as provided in subdivision 4, the applicant must have received an associate degree including 270 clock hours of chemical dependency education and 880 clock hours of chemical dependency practicum.

(2) The applicant must have completed a written ~~and oral~~ case presentation and oral examination that demonstrates competence in the 12 core functions.

(3) The applicant must have satisfactorily passed a written examination as established by the commissioner.

(b) To be licensed as a chemical dependency counselor, an applicant must furnish evidence satisfactory to the commissioner that the applicant has met the requirements of paragraph (a).

Sec. 10. Minnesota Statutes 1992, section 148C.04, subdivision 4, is amended to read:

Subd. 4. [ADDITIONAL LICENSING REQUIREMENTS.] Beginning five years after the effective date of ~~sections 148C.01 to 148C.11~~ the rules authorized in section 148C.03, subdivision 1, an applicant for licensure must have received a bachelor's degree in a human services area, and must have completed 480 clock hours of chemical dependency education and 880 clock hours of chemical dependency practicum.

Sec. 11. Minnesota Statutes 1992, section 148C.05, subdivision 2, is amended to read:

Subd. 2. [CONTINUING EDUCATION.] At the time of renewal, each licensee shall furnish evidence satisfactory to the commissioner that the licensee has completed ~~annually~~ at least the equivalent of 40 clock hours of continuing professional postdegree education every two years, in programs approved by the commissioner, and that the licensee continues to be qualified to practice under sections 148C.01 to 148C.11.

Sec. 12. Minnesota Statutes 1992, section 148C.06, is amended to read:

148C.06 [~~LICENSE WITHOUT EXAMINATION; TRANSITION PERIOD.~~]

For two years from ~~July 1, 1993~~ the effective date of the rules authorized in section 148C.03, subdivision 1, the commissioner shall issue a license without examination to an applicant if the applicant meets one of the following qualifications:

(a) is credentialed as a certified chemical dependency counselor (CCDC) or certified chemical dependency counselor reciprocal (CCDCR) by the Institute for Chemical Dependency Professionals of Minnesota, Inc.;

(b) has three years or 6,000 hours of supervised chemical dependency counselor experience as defined by the 12 core functions, 270 clock hours of chemical dependency training, 300 hours of chemical dependency practicum, and has successfully completed ~~a written and oral test~~ the requirements in section 148C.04, subdivision 3, paragraph (a), clauses (2) and (3);

(c) has five years or 10,000 hours of chemical dependency counselor experience as defined by the 12 core functions, 270 clock hours of chemical dependency training, and has successfully completed ~~a written or oral test~~ the requirements in section 148C.04, subdivision 3, paragraph (a), clause (2) or (3), or is credentialed as a certified chemical dependency practitioner (CCDP) by the Institute for Chemical Dependency Professionals of Minnesota, Inc.; or

(d) has seven years or 14,000 hours of supervised chemical dependency counselor experience as defined by the 12 core functions and 270 clock hours of chemical dependency training with 60 hours of this training occurring within the past five years.

After July 1, 1995, Beginning two years after the effective date of the rules authorized in section 148C.03, subdivision 1, no person may be licensed without passing the examination meeting the requirements in section 148C.04, subdivision 3, paragraph (a), clauses (2) and (3).

Sec. 13. Minnesota Statutes 1992, section 148C.11, subdivision 3, is amended to read:

Subd. 3. [FEDERALLY RECOGNIZED TRIBES AND PRIVATE NONPROFIT AGENCIES WITH A MINORITY FOCUS.] (a) The licensing of chemical dependency counselors who are employed by federally recognized tribes shall be voluntary.

(b) The commissioner shall develop special licensing criteria for issuance of a license to chemical dependency counselors who: (1) are members of ethnic minority groups; and (2) are employed by private, nonprofit agencies, including agencies operated by private, nonprofit hospitals, whose primary agency service focus addresses ethnic minority populations. These licensing criteria may differ from the licensing criteria specified in section 148C.04. To develop these criteria, the commissioner shall establish a committee comprised of but not limited to representatives from the council on hearing impaired, the council on affairs of Spanish-speaking people, the council on Asian-Pacific Minnesotans, the council on Black Minnesotans, and the Indian affairs council.

Sec. 14. Minnesota Statutes 1992, section 148C.11, is amended by adding a subdivision to read:

Subd. 5. [CITY, COUNTY, AND STATE AGENCY CHEMICAL DEPENDENCY COUNSELORS.] The licensing of city, county, and state agency chemical dependency counselors shall be voluntary. City, county, and state agencies employing chemical dependency counselors shall not be required to employ licensed chemical dependency counselors, nor shall they require their chemical dependency counselors to be licensed.

Sec. 15. Minnesota Statutes 1992, section 214.01, subdivision 2, is amended to read:

Subd. 2. [HEALTH-RELATED LICENSING BOARD.] "Health-related licensing board" means the board of examiners of nursing home administrators established pursuant to section 144A.19, the board of medical practice created pursuant to section 147.01, the board of nursing created pursuant to section 148.181, the board of chiropractic examiners established pursuant to section 148.02, the board of optometry established pursuant to section 148.52, the board of psychology established pursuant to section 148.90, the social work licensing board pursuant to section 148B.19, the board of marriage and family therapy pursuant to section 148B.30, the mental health practitioner advisory council established pursuant to section 148B.62, the chemical dependency counseling licensing advisory council established pursuant to section 148C.02, the board of dentistry established pursuant to section 150A.02, the board of pharmacy established pursuant to section 151.02, the board of podiatric medicine established pursuant to section 153.02, and the board of veterinary medicine, established pursuant to section 156.01.

Sec. 16. Minnesota Statutes 1992, section 252A.101, subdivision 7, is amended to read:

Subd. 7. [LETTERS OF GUARDIANSHIP.] Letters of guardianship or conservatorship must be issued by the court and contain:

(1) ~~the name, address, and telephone number of the person delegated by the commissioner to act as the guardian or conservator;~~

(2) the name, address, and telephone number of the ward or conservatee; and

~~(3)~~ (2) the powers to be exercised on behalf of the ward or conservatee.

The letters must be served by mail upon the ward or conservatee, the ward's counsel, the commissioner, and the local agency.

Sec. 17. Minnesota Statutes 1992, section 252A.111, subdivision 4, is amended to read:

Subd. 4. [APPOINTMENT OF GUARDIAN OR CONSERVATOR OF THE ESTATE.] If the ward has a personal estate beyond that which is necessary for the ward's personal and immediate needs, the commissioner shall determine whether a guardian of the estate ~~has been should be appointed for the ward. If no guardian of the estate has been appointed,~~ The commissioner, ~~after consulting~~ shall consult with the parents, spouse, or nearest relative of the ward. ~~The commissioner may petition the probate court for the appointment of a private guardian or conservator of the estate of the ward. The commissioner cannot act as guardian or conservator of the estate for public wards or public conservatees.~~

Sec. 18. [254A.085] [HENNEPIN COUNTY PILOT ALTERNATIVE FOR CHEMICAL DEPENDENCY SERVICES.]

The commissioner of human services shall grant variances from the requirements of Minnesota Rules, parts 9530.4100 to 9530.4450, and the commissioner of health shall grant variances from the requirements of Minnesota Rules, parts 4665.0100 to 4665.9900, that are consistent with the provisions of this section and do not compromise the health or safety of the clients, to establish a nonmedical detoxification pilot program in Hennepin county. The program shall be designed to provide care in a secure shelter for persons diverted or referred from detoxification facilities, so as to prevent chronic recidivism and ensure appropriate treatment referrals for persons who are chemically dependent. For purposes of this section, a "secure shelter" is a facility licensed by the commissioner of human services under Minnesota Rules, parts 9530.4100 to 9530.4450, and this section, and by the commissioner of health as a supervised living facility to provide care for chemically dependent persons. A secure shelter is considered a treatment facility under section 253B.02, subdivision 19. The secure facility authorized by this section shall be licensed by the commissioner of human services only after the county has entered into a contract for the detoxification program authorized by section 254A.086.

The pilot program established under this section must have standards for using video and advocacy group members for monitoring and surveillance to ensure the safety of clients and staff. In addition, in hiring staff, the program must ensure that the criminal background check requirements of Minnesota Rules, part 9543.3040, are met; and the commissioner of human services must ensure compliance with Minnesota Rules, parts 9543.3000 to 9543.3090. The program administrator and all staff of a secure shelter who observe or have personal knowledge of violations of section 626.556 or 626.557 must report to the office of the ombudsman for mental health and mental retardation within 24 hours of its occurrence, any serious injury, as defined in section 245.91, subdivision 6, or the death of a person

admitted to the shelter. The ombudsman shall acknowledge in writing the receipt of all reports made to the ombudsman's office under this section. Acknowledgment must be mailed to the facility and to the county social service agency within five working days of the day the report was made. In addition, the program administrator and staff of the facility must comply with all of the requirements of section 626.557, the vulnerable adults act. If the program administrator does not suspend the alleged perpetrator during the pendency of the investigation, reasons for not doing so must be given to the ombudsman in writing.

The licenseholder, in coordination with the commissioner of human services, shall keep detailed records of admissions, length of stay, client outcomes according to standards set by the commissioner, discharge destinations, referrals, and costs of the program. The commissioner of human services shall report to the legislature by February 15, 1996, on the operation of the program and shall include recommendations on whether such a program has been shown to be an effective, safe, and cost-efficient way to serve clients.

Sec. 19. [254A.086] [CULTURALLY TARGETED DETOXIFICATION PROGRAM.]

The commissioner of human services shall provide technical assistance to enable development of a special program designed to provide culturally targeted detoxification services in accordance with section 254A.08, subdivision 2. The program must meet the standards of Minnesota Rules, parts 9530.4100 to 9530.4450, as they apply to detoxification programs. The program established under this section must have standards for using video and advocacy group members for monitoring and surveillance to ensure the safety of clients and staff. In addition, in hiring staff, the program must ensure that the criminal background check requirements of Minnesota Rules, part 9543.3040, are met; and the commissioner of human services must ensure compliance with Minnesota Rules, parts 9543.3000 to 9543.3090. The program administrator and all staff of the facility must report to the office of the ombudsman for mental health and mental retardation within 24 hours of its occurrence, any serious injury, as defined in section 245.91, subdivision 6, or the death of a person admitted to the shelter. The ombudsman shall acknowledge in writing the receipt of all reports made to the ombudsman's office under this section. Acknowledgment must be mailed to the facility and to the county social service agency within five working days of the day the report was made. In addition, the program administrator and staff of the facility must comply with all of the requirements of section 626.557, the vulnerable adults act. The program shall be designed with a community outreach component and shall provide services to clients in a safe environment and in a culturally specific manner.

Sec. 20. Minnesota Statutes 1992, section 254A.17, subdivision 3, is amended to read:

Subd. 3. [STATEWIDE DETOXIFICATION TRANSPORTATION PROGRAM.] The commissioner shall provide grants to counties, Indian reservations, other nonprofit agencies, or local detoxification programs for provision of transportation of intoxicated individuals to detoxification programs, to open shelters, and to secure shelters as defined in section 254A.085 and shelters serving intoxicated persons. In state fiscal years 1994 and 1995, funds shall be allocated to counties in proportion to each county's allocation in fiscal year 1993. In subsequent fiscal years, funds shall be allocated among counties annually in proportion to each county's average number of detoxification admissions for the prior two years, except that no county shall receive less than \$400. Unless a county has approved a grant of funds under this section, the commissioner shall make quarterly payments of detoxification funds to a county only after receiving an invoice describing the number of persons transported and the cost of transportation services for the previous quarter. The program administrator and all staff of the program must report to the office of the ombudsman for mental health and mental retardation within 24 hours of its occurrence, any serious injury, as defined in section 245.91, subdivision 6, or the death of a person admitted to the shelter. The ombudsman shall acknowledge in writing the receipt of all reports made to the ombudsman's office under this section. Acknowledgment must be mailed to the facility and to the county social service agency within five working days of the day the report was made. In addition, the program administrator and staff of the program must comply with all of the requirements of section 626.557, the vulnerable adults act.

Sec. 21. Minnesota Statutes 1992, section 254B.06, subdivision 3, is amended to read:

Subd. 3. [PAYMENT; DENIAL.] The commissioner shall pay eligible vendors for placements made by local agencies under section 254B.03, subdivision 1, and placements by tribal designated agencies according to section 254B.09. The commissioner may reduce or deny payment of the state share when services are not provided according to the placement criteria established by the commissioner. The commissioner may pay for all or a portion of improper county chemical dependency placements and bill the county for the entire payment made when the placement did not comply with criteria established by the commissioner. The commissioner may make payments to vendors and charge the county 100 percent of the payments if documentation of a county approved placement is received more than 30 working days, exclusive of weekends and holidays, after the date services began; or if the county approved invoice is received by the commissioner more than 120 days after the last date of service provided. The commissioner shall not pay vendors until private insurance company claims have been settled.

Sec. 22. [256.8711] [EMERGENCY ASSISTANCE; INTENSIVE FAMILY PRESERVATION SERVICES.]

Subdivision 1. [SCOPE OF SERVICES.] For a family experiencing an emergency as defined in subdivision 2, and for whom the county authorizes services under subdivision 3, intensive family preservation services authorized under this section are:

- (1) crisis family-based services;
- (2) counseling family-based services; and
- (3) mental health family-based services.

Intensive family preservation services also include family-based life management skills when it is provided in conjunction with any of the three family-based services in this subdivision. The intensive family preservation services in clauses (1), (2), and (3) and life management skills have the meanings given in section 256F.03, subdivision 5, paragraphs (a), (b), (c), and (e).

Subd. 2. [DEFINITION OF EMERGENCY.] For the purposes of this section, an emergency is a situation in which the dependent children are at risk for out of home placement due to abuse, neglect, or delinquency; or when the children are returning home from placements but need services to prevent another placement; or when the parents are unable to provide care.

Subd. 3. [COUNTY AUTHORIZATION.] The county agency shall assess current and prospective client families with a dependent under 21 years of age to determine if there is an emergency, as defined in subdivision 2, and to determine if there is a need for intensive family preservation services. Upon such determinations, during the period October 1, 1993 to September 30, 1995, counties shall authorize intensive family preservation services for up to 90 days for eligible families under this section and under section 256.871, subdivisions 1 and 3. Effective October 1, 1995, the counties' obligations to continue the base level of expenditures and to expand family preservation services as defined in section 256F.03, subdivision 5, are eliminated, with the termination of the federal revenue earned under this section.

Subd. 4. [COST TO FAMILIES.] Family preservation services provided under this section or sections 256F.01 to 256F.07 shall be provided at no cost to the client and without regard to the client's available income or assets.

Subd. 5. [EMERGENCY ASSISTANCE RESERVE.] The commissioner shall establish an emergency assistance reserve for families who receive intensive family preservation services under this section. A family is eligible to receive assistance once from the emergency assistance reserve if it received intensive family preservation services under this section within the past 12 months, but has not received emergency assistance under section 256.871 during that period. The emergency assistance reserve shall cover the cost of the federal share of the assistance that would have been available under section 256.871, except for the provision of intensive family preservation services provided under this section. The emergency assistance reserve shall be authorized and paid in the same manner as emergency assistance is provided under section 256.871. Funds set aside for the emergency assistance reserve that are not needed as determined by the commissioner shall be distributed by the terms of subdivision 6, paragraph (a).

Subd. 6. [DISTRIBUTION OF NEW FEDERAL REVENUE.] (a) All federal funds not set aside under paragraph (b), and at least 50 percent of all federal funds earned under this section and earned through assessment activity under subdivision 3, shall be paid to each county based on its earnings and assessment activity, respectively, and shall be used by each county to expand family preservation services as defined in section 256F.03, subdivision 5, and may be used to expand crisis nursery services. If a county joins a local children's mental health collaborative as authorized by the 1993 legislature, then the federal reimbursement received under this paragraph by the county for providing intensive family preservation services to children served by the local collaborative shall be transferred by the county to the integrated fund. The federal reimbursement transferred to the integrated fund by the county must be used for intensive family preservation services as defined in section 256F.03, subdivision 5, to the target population.

(b) The commissioner shall set aside a portion, not to exceed 50 percent, of the federal funds earned under this section and earned through assessment activity described under subdivision 3. The set aside funds shall be used to expand intensive family preservation services statewide and establish an emergency assistance reserve as provided in subdivision 5. Except for the portion needed for the emergency assistance reserve provided in subdivision 5, the commissioner may distribute the funds set aside through grants to a county or counties to establish and maintain approved intensive family preservation services statewide. Funds available for crisis family-based services through section 256F.05, subdivision 8, shall be considered in establishing intensive family preservation services statewide. The commissioner may phase in intensive family preservation services in a county or group of counties as new federal funds become available. The commissioner's priority is to establish a minimum level of intensive family preservation services statewide.

Subd. 7. [EXPANSION OF SERVICES AND BASE LEVEL OF EXPENDITURES.] (a) Counties must continue the base level of expenditures for family preservation services as defined in section 256F.03, subdivision 5, from any state, county, or federal funding source, which, in the absence of federal funds earned under this section and earned through assessment activity described under subdivision 3, would have been available for these services. The commissioner shall review the county expenditures annually, using reports required under sections 245.482, 256.01, subdivision 2, paragraph (17), and 256E.08, subdivision 8, to ensure that the base level of expenditures for family preservation services as defined in section 256F.03, subdivision 5, is continued from sources other than the federal funds earned under this section and earned through assessment activity described under subdivision 3.

(b) The commissioner may reduce, suspend, or eliminate either or both of a county's obligations to continue the base level of expenditures and to expand family preservation services as defined in section 256F.03, subdivision 5, if the commissioner determines that one or more of the following conditions apply to that county:

(1) imposition of levy limits that significantly reduce available social service funds;

(2) reduction in the net tax capacity of the taxable property within a county that significantly reduces available social service funds;

(3) reduction in the number of children under age 19 in the county by 25 percent when compared with the number in the base year using the most recent data provided by the state demographer's office; or

(4) termination of the federal revenue earned under this section.

(c) The commissioner may suspend for one year either or both of a county's obligations to continue the base level of expenditures and to expand family preservation services as defined in section 256F.03, subdivision 5, if the commissioner determines that in the previous year one or more of the following conditions applied to that county:

(1) the unduplicated number of families who received family preservation services under section 256F.03, subdivision 5, paragraphs (a), (b), (c), and (e), equals or exceeds the unduplicated number of children who entered placement under sections 257.071 and 393.07, subdivisions 1 and 2 during the year;

(2) the total number of children in placement under sections 257.071 and 393.07, subdivisions 1 and 2, has been reduced by 50 percent from the total number in the base year; or

(3) the average number of children in placement under sections 257.071 and 393.07, subdivisions 1 and 2, on the last day of each month is equal to or less than one child per 1,000 children in the county.

(d) For the purposes of this section, the base year is calendar year 1992. For the purposes of this section, the base level of expenditures is the level of county expenditures in the base year for eligible family preservation services under section 256F.03, subdivision 5, paragraphs (a), (b), (c), and (e).

Subd. 8. [COUNTY RESPONSIBILITIES.] (a) Notwithstanding section 256.871, subdivision 6, for intensive family preservation services provided under this section, the county agency shall submit quarterly fiscal reports as required under section 256.01, subdivision 2, clause (17), and provide the nonfederal share.

(b) County expenditures eligible for federal reimbursement under this section must not be made from federal funds or funds used to match other federal funds.

(c) The commissioner may suspend, reduce, or terminate the federal reimbursement to a county that does not meet the reporting or other requirements of this section.

Subd. 9. [PAYMENTS.] Notwithstanding section 256.025, subdivision 2, payments to counties for social service expenditures for intensive family preservation services under this section shall be made only from the federal earnings under this section and earned through assessment activity described under subdivision 3. Counties may use up to ten percent of federal earnings received under subdivision 6, paragraph (a), to cover costs of income maintenance activities related to the operation of this section and sections 256B.094 and 256F.095.

Subd. 10. [COMMISSIONER RESPONSIBILITIES.] The commissioner in consultation with counties shall analyze state funding options to cover costs of counties' base level expenditures and any expansion of the nonfederal share of intensive family preservation services resulting from implementation of this section. The commissioner shall also study problems of implementation, barriers to maximizing federal revenue, and the impact on out-of-home placements of implementation of this section. The commissioner shall report to the legislature on the results of this analysis and study, together with recommendations, by February 15, 1995.

Sec. 23. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 32. [CHILD WELFARE TARGETED CASE MANAGEMENT.] Medical assistance, subject to federal approval, covers child welfare targeted case management services as defined in section 256B.094 to children under age 21 who have been assessed and determined in accordance with section 256F.10 to be:

- (1) at risk of placement or in placement as defined in section 257.071, subdivision 1;
- (2) at risk of maltreatment or experiencing maltreatment as defined in section 626.556, subdivision 10e; or
- (3) in need of protection or services as defined in section 260.015, subdivision 2a.

Sec. 24. [256B.094] [CHILD WELFARE TARGETED CASE MANAGEMENT SERVICES.]

Subdivision 1. [DEFINITION.] "Child welfare targeted case management services" means activities that coordinate social and other services designed to help the child under age 21 and the child's family gain access to needed social services, mental health services, habilitative services, educational services, health services, vocational services, recreational services, and related services including, but not limited to, the areas of volunteer services, advocacy, transportation, and legal services. Case management services include developing an individual service plan and assisting the child and the child's family in obtaining needed services through coordination with other agencies and assuring continuity of care. Case managers must assess the delivery, appropriateness, and effectiveness of services on a regular basis.

Subd. 2. [ELIGIBLE SERVICES.] Services eligible for medical assistance reimbursement include:

- (1) assessment of the recipient's need for case management services to gain access to medical, social, educational, and other related services;
- (2) development, completion, and regular review of a written individual service plan based on the assessment of need for case management services to ensure access to medical, social, educational, and other related services;
- (3) routine contact or other communication with the client, the client's family, primary caregiver, legal representative, substitute care provider, service providers, or other relevant persons identified as necessary to the development or implementation of the goals of the individual service plan, regarding the status of the client, the individual service plan, or the goals for the client, exclusive of transportation of the child;
- (4) coordinating referrals for, and the provision of, case management services for the client with appropriate service providers, consistent with section 1902(a)(23) of the Social Security Act;
- (5) coordinating and monitoring the overall service delivery to ensure quality of services;
- (6) monitoring and evaluating services on a regular basis to ensure appropriateness and continued need;
- (7) completing and maintaining necessary documentation that supports and verifies the activities in this subdivision;
- (8) traveling to conduct a visit with the client or other relevant person necessary to the development or implementation of the goals of the individual service plan; and
- (9) coordinating with the medical assistance facility discharge planner in the 30-day period before the client's discharge into the community. This case management service provided to patients or residents in a medical assistance facility is limited to a maximum of two 30-day periods per calendar year.

Subd. 3. [COORDINATION AND PROVISION OF SERVICES.] (a) In a county where a prepaid medical assistance provider has contracted under section 256B.031 or 256B.69 to provide mental health services, the case management provider shall coordinate with the prepaid provider to ensure that all necessary mental health services required under the contract are provided to recipients of case management services.

(b) When the case management provider determines that a prepaid provider is not providing mental health services as required under the contract, the case management provider shall assist the recipient to appeal the prepaid provider's denial pursuant to section 256.045, and may make other arrangements for provision of the covered services.

(c) The case management provider may bill the provider of prepaid health care services for any mental health services provided to a recipient of case management services which the county arranges for or provides and which are included in the prepaid provider's contract, and which were determined to be medically necessary as a result of an appeal pursuant to section 256.045. The prepaid provider must reimburse the mental health provider, at the prepaid provider's standard rate for that service, for any services delivered under this subdivision.

(d) If the county has not obtained prior authorization for this service, or an appeal results in a determination that the services were not medically necessary, the county may not seek reimbursement from the prepaid provider.

Subd. 4. [CASE MANAGEMENT PROVIDER.] To be eligible to receive medical assistance reimbursement, the case management provider must meet all provider qualification and certification standards under section 256F.095.

Subd. 5. [CASE MANAGER.] To provide case management services, a case manager must be employed by and authorized by the case management provider to provide case management services and meet all requirements under section 256F.095.

Subd. 6. [MEDICAL ASSISTANCE REIMBURSEMENT OF CASE MANAGEMENT SERVICES.] (a) Medical assistance reimbursement for services under this section shall be made on a monthly basis. Payment is based on face-to-face or telephone contacts between the case manager and the client, client's family, primary caregiver, legal representative, or other relevant person identified as necessary to the development or implementation of the goals of the individual service plan regarding the status of the client, the individual service plan, or the goals for the client. These contacts must meet the minimum standards in clauses (1) and (2):

(1) there must be a face-to-face contact at least once a month except as provided in clause (2); and

(2) for a client placed outside of the county of financial responsibility in an excluded time facility under section 256G.02, subdivision 6, or through the interstate compact on the placement of children, section 257.40, and the placement in either case is more than 60 miles beyond the county boundaries, there must be at least one contact per month and not more than two consecutive months without a face-to-face contact.

(b) The payment rate is established using time study data on activities of provider service staff and reports required under sections 245.482, 256.01, subdivision 2, paragraph (17), and 256E.08, subdivision 8.

Separate payment rates may be established for different groups of providers to maximize reimbursement as determined by the commissioner. The payment rate will be reviewed annually and revised periodically to be consistent with the most recent time study and other data. Payment for services will be made upon submission of a valid claim and verification of proper documentation described in subdivision 7. Federal administrative revenue earned through the time study shall be distributed according to earnings, to counties or groups of counties which have the same payment rate under this subdivision, and to the group of counties which are not certified providers under section 256F.095. The commissioner shall modify the requirements set out in Minnesota Rules, parts 9550.0300 to 9550.0370, as necessary to accomplish this.

Subd. 7. [DOCUMENTATION FOR CASE RECORD AND CLAIM.] (a) The assessment, case finding, and individual service plan shall be maintained in the individual case record under the data practices act, chapter 13. The individual service plan must be reviewed at least annually and updated as necessary. Each individual case record must maintain documentation of routine, ongoing, contacts and services. Each claim must be supported by written documentation in the individual case record.

(b) Each claim must include:

(1) the name of the recipient;

(2) the date of the service;

(3) the name of the provider agency and the person providing service;

(4) the nature and extent of services; and

(5) the place of the services.

Subd. 8. [PAYMENT LIMITATION.] Services that are not eligible for payment as a child welfare targeted case management service include, but are not limited to:

- (1) assessments prior to opening a case;
- (2) therapy and treatment services;
- (3) legal services, including legal advocacy, for the client;
- (4) information and referral services that are part of a county's community social services plan, that are not provided to an eligible recipient;
- (5) outreach services including outreach services provided through the community support services program;
- (6) services that are not documented as required under subdivision 7 and Minnesota Rules, parts 9505.1800 to 9505.1880;
- (7) services that are otherwise eligible for payment on a separate schedule under rules of the department of human services;
- (8) services to a client that duplicate the same case management service from another case manager;
- (9) case management services provided to patients or residents in a medical assistance facility except as described under subdivision 2, clause 9; and
- (10) for children in foster care, group homes, or residential care, payment for case management services is limited to case management services that focus on permanency planning or return to the family home and that do not duplicate the facility's discharge planning services.

Sec. 25. Minnesota Statutes 1992, section 256F.06, subdivision 2, is amended to read:

Subd. 2. [USES OF GRANTS.] The grant must be used exclusively for family-based services. ~~The grant may not be used as a match for other federal money or to meet the requirements of section 256E.06, subdivision 5.~~

Sec. 26. [256F.095] [CHILD WELFARE TARGETED CASE MANAGEMENT.]

Subdivision 1. [ELIGIBILITY.] Persons under 21 years of age who are eligible to receive medical assistance are eligible for child welfare targeted case management services under section 256B.094 and this section if they have received an assessment and have been determined by the local county agency to be:

- (1) at risk of placement or in placement as described in section 257.071, subdivision 1;
- (2) at risk of maltreatment or experiencing maltreatment as defined in section 626.556, subdivision 10e; or
- (3) in need of protection or services as defined in section 260.015, subdivision 2a.

Subd. 2. [AVAILABILITY OF SERVICES.] Child welfare targeted case management services are available from providers meeting qualification requirements and the certification standards specified in subdivision 4. Eligible recipients may choose any certified provider of child welfare targeted case management services.

Subd. 3. [VOLUNTARY PROVIDER PARTICIPATION.] Providers may seek certification for medical assistance reimbursement to provide child welfare targeted case management services. The certification process is initiated by submitting a written statement of interest to the commissioner.

Certified providers may elect to discontinue participation by a written notice to the commissioner at least 120 days before the end of the final calendar quarter of participation.

Subd. 4. [PROVIDER QUALIFICATIONS AND CERTIFICATION STANDARDS.] The commissioner must certify each provider before enrolling it as a child welfare targeted case management provider of services under section 256B.094 and this section. The certification process shall examine the provider's ability to meet the qualification requirements and certification standards in this subdivision and other federal and state requirements of this service. A certified child welfare targeted case management provider is an enrolled medical assistance provider who is determined by the commissioner to have all of the following:

- (1) the legal authority to provide public welfare under sections 393.01, subdivision 7, and 393.07;
- (2) the demonstrated capacity and experience to provide the components of case management to coordinate and link community resources needed by the eligible population;
- (3) administrative capacity and experience in serving the target population for whom it will provide services and in ensuring quality of services under state and federal requirements;
- (4) the legal authority to provide complete investigative and protective services under section 626.556, subdivision 10, and child welfare and foster care services under section 393.07, subdivisions 1 and 2;
- (5) a financial management system that provides accurate documentation of services and costs under state and federal requirements; and
- (6) the capacity to document and maintain individual case records under state and federal requirements.

Subd. 5. [CASE MANAGERS.] Case managers are individuals employed by and authorized by the certified child welfare targeted case management provider to provide case management services under section 256B.094 and this section. A case manager must have:

- (1) skills in identifying and assessing a wide range of children's needs;
- (2) knowledge of local child welfare and a variety of community resources and effective use of those resources for the benefit of the child; and
- (3) a bachelor's degree in social work, psychology, sociology, or a closely related field from an accredited four-year college or university; or a bachelor's degree from an accredited four-year college or university in a field other than social work, psychology, sociology or a closely related field, plus one year of experience in the delivery of social services to children as a supervised social worker in a public or private social services agency.

Subd. 6. [DISTRIBUTION OF NEW FEDERAL REVENUE.] (a) Except for portion set aside in paragraph (b), the federal funds earned under this section and section 256B.094 by counties shall be paid to each county based on its earnings, and must be used by each county to expand preventive child welfare services.

If a county chooses to be a provider of child welfare targeted case management and if that county also joins a local children's mental health collaborative as authorized by the 1993 legislature, then the federal reimbursement received by the county for providing child welfare targeted case management services to children served by the local collaborative shall be transferred by the county to the integrated fund. The federal reimbursement transferred to the integrated fund by the county must not be used for residential care other than respite care described under subdivision 7, paragraph (d).

(b) The commissioner shall set aside a portion of the federal funds earned under this section to repay the special revenue maximization account under section 256.01, subdivision 2, clause (15). The repayment is limited to:

- (1) the costs of developing and implementing this section and sections 256.8711 and 256B.094;
- (2) programming the information systems; and
- (3) the lost federal revenue for the central office claim directly caused by the implementation of these sections.

Any unexpended funds from the set aside under this paragraph shall be distributed to counties according to paragraph (a).

Subd. 7. [EXPANSION OF SERVICES AND BASE LEVEL OF EXPENDITURES.] (a) Counties must continue the base level of expenditures for preventive child welfare services from either or both of any state, county, or federal funding source, which, in the absence of federal funds earned under this section, would have been available for these services. The commissioner shall review the county expenditures annually using reports required under sections 245.482, 256.01, subdivision 2, paragraph 17, and 256E.08, subdivision 8, to ensure that the base level of expenditures for preventive child welfare services is continued from sources other than the federal funds earned under this section.

(b) The commissioner may reduce, suspend, or eliminate either or both of a county's obligations to continue the base level of expenditures and to expand child welfare preventive services if the commissioner determines that one or more of the following conditions apply to that county:

(1) imposition of levy limits that significantly reduce available social service funds;

(2) reduction in the net tax capacity of the taxable property within a county that significantly reduces available social service funds;

(3) reduction in the number of children under age 19 in the county by 25 percent when compared with the number in the base year using the most recent data provided by the state demographer's office; or

(4) termination of the federal revenue earned under this section.

(c) The commissioner may suspend for one year either or both of a county's obligations to continue the base level of expenditures and to expand child welfare preventive services if the commissioner determines that in the previous year one or more of the following conditions applied to that county:

(1) the total number of children in placement under sections 257.071 and 393.07, subdivisions 1 and 2, has been reduced by 50 percent from the total number in the base year; or

(2) the average number of children in placement under sections 257.071 and 393.07, subdivisions 1 and 2, on the last day of each month is equal to or less than one child per 1,000 children in the county.

(d) For the purposes of this section, child welfare preventive services are those services directed toward a specific child or family that further the goals of section 256F.01 and include assessments, family preservation services, service coordination, community-based treatment, crisis nursery services when the parents retain custody and there is no voluntary placement agreement with a child placing agency, respite care except when it is provided under a medical assistance waiver, home-based services, and other related services. For the purposes of this section, child welfare preventive services shall not include shelter care placements under the authority of the court or public agency to address an emergency, residential services except for respite care, child care for the purposes of employment and training, adult services, services other than child welfare targeted case management when they are provided under medical assistance, placement services, or activities not directed toward a specific child or family. Respite care must be planned, routine care to support the continuing residence of the child with its family or long-term primary caretaker and must not be provided to address an emergency.

(e) For the counties beginning to claim federal reimbursement for services under this section and section 256B.094, the base year is the calendar year ending at least two calendar quarters before the first calendar quarter in which the county begins claiming reimbursement. For the purposes of this section, the base level of expenditures is the level of county expenditures in the base year for eligible child welfare preventive services described in this subdivision.

Subd. 8. [PROVIDER RESPONSIBILITIES.] (a) Notwithstanding section 256B.19, subdivision 1, for the purposes of child welfare targeted case management under section 256B.094 and this section, the nonfederal share of costs shall be provided by the provider of child welfare targeted case management from sources other than federal funds or funds used to match other federal funds.

(b) Provider expenditures eligible for federal reimbursement under this section must not be made from federal funds or funds used to match other federal funds.

(c) The commissioner may suspend, reduce, or terminate the federal reimbursement to a provider that does not meet the reporting or other requirements of section 256B.094 and this section.

Subd. 9. [PAYMENTS.] Notwithstanding section 256.025, subdivision 2, payments to certified providers for child welfare targeted case management expenditures under section 256B.094 and this section shall only be made of federal earnings from services provided under section 256B.094 and this section.

Subd. 10. [CENTRALIZED DISBURSEMENT OF MEDICAL ASSISTANCE PAYMENTS.] Notwithstanding section 256B.041, county payments for the cost of child welfare targeted case management services shall not be made to the state treasurer. For the purposes of child welfare targeted case management services under section 256B.094 and this section, the centralized disbursement of payments to providers under section 256B.041 consists only of federal earnings from services provided under section 256B.094 and this section.

Sec. 27. [256F.10] [GRANT PROGRAM FOR CRISIS NURSERIES.]

Subdivision 1. [CRISIS NURSERIES.] The commissioner of human services shall establish a grant program to assist private and public agencies and organizations to provide crisis nurseries to offer temporary care for children who are abused, neglected, and those children at high risk of abuse and neglect, and children who are in families receiving child protective services. This service shall be provided without fee for a maximum of 30 days in any year. Crisis nurseries shall provide referral to support services and provide family support services as needed.

Subd. 2. [FUND DISTRIBUTION.] In distributing funds, the commissioner shall give priority consideration to agencies and organizations with experience in working with abused or neglected children and their families, and with children at high risk of abuse and neglect and their families, and serve communities which demonstrate the greatest need for these services.

(a) The crisis nurseries must:

- (1) be available 24 hours a day, seven days a week;
- (2) provide services for children up to three days at any one time;
- (3) make referrals for parents to counseling services and other community resources to help alleviate the underlying cause of the precipitating stress or crisis;
- (4) provide services without a fee for a maximum of 30 days in any year;
- (5) provide services to children from birth to 12 years of age;
- (6) provide an initial assessment and intake interview conducted by a skilled professional who will identify the presenting problem and make an immediate referral to an appropriate agency or program to prevent maltreatment and out-of-home placement of children;
- (7) maintain the clients' confidentiality to the extent required by law, and also comply with statutory reporting requirements which may mandate a report to child protective services;
- (8) contain a volunteer component;
- (9) provide preservice training and ongoing training to providers and volunteers;
- (10) evaluate the services provided by documenting use of services, the result of family referrals made to community resources, and how the services reduced the risk of maltreatment;
- (11) provide age appropriate programming;
- (12) provide developmental assessments;
- (13) provide medical assessments as determined by using a risk screening tool;
- (14) meet United States Department of Agriculture regulations concerning meals and provide three meals a day and three snacks during a 24-hour period; and
- (15) provide appropriate sleep and nap arrangements for children.

(b) The crisis nurseries are encouraged to provide:

(1) on-site support groups for facility model programs, or agency sponsored parent support groups for volunteer family model programs;

(2) parent education classes or programs that include parent-child interaction; and

(3) opportunities for parents to volunteer, if appropriate, to assist with child care in a supervised setting in order to enhance their parenting skills and self-esteem, in addition to providing them the opportunity to give something back to the program.

(c) Parents shall retain custody of their children during placement in a crisis facility.

The crisis nurseries are encouraged to include one or more parents who have used the crisis nursery services on the program's multidisciplinary advisory board.

Subd. 3. [EVALUATIONS.] The commissioner of human services shall submit an annual report to the legislature evaluating the program. The report must include information concerning program costs, the number of program participants, the program's impact on family stability, the incidence of abuse and neglect, and all other relevant information determined by the commissioner.

Sec. 28. [256F.11] [GRANT PROGRAM FOR RESPITE CARE.]

Subdivision 1. [RESPITE CARE PROGRAM.] The commissioner of human services shall establish a grant program to provide respite care services to families or caregivers who are under stress and at risk of abusing or neglecting their children, families with children suffering from emotional problems, and families receiving child protective services.

Subd. 2. [SERVICE GOALS.] Respite care programs shall provide temporary services for families or caregivers in order to:

(1) allow the family to engage in the family's usual daily activities;

(2) maintain family stability during crisis situations;

(3) help preserve the family unit by lessening pressures that might lead to divorce, institutionalization, neglect, or child abuse;

(4) provide the family with rest and relaxation;

(5) improve the family's ability to cope with daily responsibilities; and

(6) make it possible for individuals with disabilities to establish independence and enrich their own growth and development.

Subd. 3. [DEFINITION.] "Respite care" means in-home or out-of-home temporary, nonmedical child care for families and caregivers who are under stress and at risk of abusing or neglecting their children, and families with children suffering from emotional problems. Respite care shall be available for time periods varying from one hour to two weeks.

In-home respite care is provided in the home of the person needing care.

Out-of-home respite care will be given in the provider's home or other facility. In these cases, the provider's home or facility must be currently licensed for day care or foster home care.

Subd. 4. [SLIDING FEE SCALE.] The commissioner shall establish a sliding fee scale that takes into account family income, expenses, and ability to pay. Grant funds shall be used to subsidize the respite care of children. Funded projects must:

(1) prevent and reduce mental, physical, and emotional stress on parents and children;

(2) provide training for caregivers;

- (3) establish a network of community support groups and resources for families;
- (4) conduct an intake assessment in order to identify the presenting problems and make appropriate referrals;
- (5) provide age appropriate programming; and
- (6) ensure that respite care providers complete at least 120 hours of training in child development, child care, and related issues.

Subd. 5. [EVALUATIONS.] The commissioner of human services shall submit an annual report to the legislature evaluating funded programs. The report must include information concerning program costs, the number of program participants, the impact on family stability, the incidence of abuse and neglect, and all other relevant information determined by the commissioner.

Sec. 29. [256F.12] [FAMILY SERVICES COLLABORATIVE.]

Subdivision 1. [FEDERAL REVENUE ENHANCEMENT.] (a) [DUTIES OF THE COMMISSIONER OF HUMAN SERVICES.] The commissioner of human services may enter into an agreement with one or more family services collaboratives to enhance federal reimbursement under Title IV-E of the Social Security Act and federal administrative reimbursement under Title XIX of the Social Security Act. The commissioner shall have the following authority and responsibilities regarding family services collaboratives:

(1) the commissioner shall submit amendments to state plans and seek waivers as necessary to implement the provisions of this section;

(2) the commissioner shall pay the federal reimbursement earned under this subdivision to each collaborative based on their earnings. Notwithstanding section 256.025, subdivision 2, payments to collaboratives for expenditures under this subdivision will only be made of federal earnings from services provided by the collaborative;

(3) the commissioner shall review expenditures of family services collaboratives using reports specified in the agreement with the collaborative to ensure that the base level of expenditures is continued and new federal reimbursement is used to expand education, social, health, or health-related services to young children and their families;

(4) the commissioner may reduce, suspend, or eliminate a family services collaborative's obligations to continue the base level of expenditures or expansion of services if the commissioner determines that one or more of the following conditions apply:

(i) imposition of levy limits that significantly reduce available funds for social, health, or health-related services to families and children;

(ii) reduction in the net tax capacity of the taxable property eligible to be taxed by the lead county or subcontractor that significantly reduces available funds for education, social, health, or health-related services to families and children;

(iii) reduction in the number of children under age 19 in the county, collaborative service delivery area, subcontractor's district, or catchment area when compared to the number in the base year using the most recent data provided by the state demographer's office; or

(iv) termination of the federal revenue earned under the family services collaborative agreement;

(5) the commissioner shall not use the federal reimbursement earned under this subdivision in determining the allocation or distribution of other funds to counties or collaboratives;

(6) the commissioner may suspend, reduce, or terminate the federal reimbursement to a provider that does not meet the reporting or other requirements of this subdivision;

(7) the commissioner shall recover from the family services collaborative any federal fiscal disallowances or sanctions for audit exceptions directly attributable to the family services collaborative's actions in the integrated fund, or the proportional share if federal fiscal disallowances or sanctions are based on a statewide random sample; and

(8) the commissioner shall establish criteria for the family services collaborative for the accounting and financial management system that will support claims for federal reimbursement.

(b) [FAMILY SERVICES COLLABORATIVE RESPONSIBILITIES.] The family services collaborative shall have the following authority and responsibilities regarding federal revenue enhancement:

(1) the family services collaborative shall be the party with which the commissioner contracts. A lead county shall be designated as the fiscal agency for reporting, claiming, and receiving payments;

(2) the family services collaboratives may enter into subcontracts with other counties, school districts, special education cooperatives, municipalities, and other public and nonprofit entities for purposes of identifying and claiming eligible expenditures to enhance federal reimbursement, or to expand education, social, health, or health-related services to families and children;

(3) the family services collaborative must continue the base level of expenditures for education, social, health, or health-related services to families and children from any state, county, federal, or other public or private funding source which, in the absence of the new federal reimbursement earned under this subdivision, would have been available for those services, except as provided in subdivision 1, clause (4). The base year for purposes of this subdivision shall be the four-quarter calendar year ending at least two calendar quarters before the first calendar quarter in which the new federal reimbursement is earned;

(4) the family services collaborative must use all new federal reimbursement resulting from federal revenue enhancement to expand expenditures for education, social, health, or health-related services to families and children beyond the base level, except as provided in subdivision 1, clause (4);

(5) the family services collaborative must ensure that expenditures submitted for federal reimbursement are not made from federal funds or funds used to match other federal funds. Notwithstanding section 256B.19, subdivision 1, for the purposes of family services collaborative expenditures under agreement with the department, the nonfederal share of costs shall be provided by the family services collaborative from sources other than federal funds or funds used to match other federal funds;

(6) the family services collaborative must develop and maintain an accounting and financial management system adequate to support all claims for federal reimbursement, including a clear audit trail and any provisions specified in the agreement; and

(7) the family services collaborative shall submit an annual report to the commissioner as specified in the agreement.

Subd. 2. [AGREEMENTS WITH FAMILY SERVICES COLLABORATIVES.] At a minimum, the agreement between the commissioner and the family services collaborative shall include the following provisions:

(1) specific documentation of the expenditures eligible for federal reimbursement;

(2) the process for developing and submitting claims to the commissioner;

(3) specific identification of the education, social, health, or health-related services to families and children which are to be expanded with the federal reimbursement;

(4) reporting and review procedures ensuring that the family services collaborative must continue the base level of expenditures for the education, social, health, or health-related services for families and children as specified in subdivision 2, clause (3);

(5) reporting and review procedures to ensure that federal revenue earned under this section is spent specifically to expand education, social, health, or health-related services for families and children as specified in subdivision 2, clause (4);

(6) the period of time, not to exceed three years, governing the terms of the agreement and provisions for amendments to, and renewal of the agreement; and

(7) an annual report prepared by the family services collaborative.

Subd. 3. [WAIVER OF RULE REQUIREMENTS.] (a) [REQUESTING WAIVERS OF STATE OR FEDERAL RULES.] Local family services collaboratives, including collaboratives in Becker, Cass, and Ramsey counties, shall be encouraged to seek waivers of state or federal rules, as necessary to carry out the purposes of this section. For purposes of this section, "family services collaborative" has the meaning given it in section 121.8355, subdivision 1a.

(b) [WAIVER OF STATE RULES.] In order to receive a waiver of the requirements of any state rule, the collaborative shall submit a request for a variance to the appropriate commissioner. The request shall contain assurances that the waiver will not affect client entitlements to services, will not abridge any rights guaranteed to the client by state or federal law, and will not jeopardize the health or safety of the client. The commissioner shall grant or deny all waiver requests within 30 days of receiving those requests, by notice to the collaborative and published notice in the State Register.

(c) [WAIVER OF FEDERAL RULES.] A local collaborative seeking a waiver from a federal rule shall submit a request, in writing, to the appropriate commissioner who shall submit the waiver request to the relevant policy committees of the legislature. If the legislative committees approve the request, they shall direct the appropriate state agency to make a reasonable effort to negotiate a waiver of the federal rule. If the legislative committees deny the request for a waiver, they shall jointly notify the local collaborative of the reason for denying the waiver. If a waiver request is approved for submission to federal authorities, the commissioner shall submit all necessary materials to the appropriate federal authorities. The commissioner shall notify the collaborative and the legislative committees of the outcome of the federal waiver request. In every instance in which a federal waiver is granted, the commissioner shall publish notice of receipt of the waiver in the State Register.

Sec. 30. Minnesota Statutes 1992, section 257.3573, is amended by adding a subdivision to read:

Subd. 3. [REVENUE ENHANCEMENT.] The commissioner shall submit claims for federal reimbursement earned through the activities and services supported through Indian child welfare grants. The commissioner may set aside a portion of the federal funds earned under this subdivision to establish and support a new Indian child welfare position in the department of human services to provide program development. The commissioner shall use any federal revenue not set aside to expand services under section 257.3571. The federal revenue earned under this subdivision is available for these purposes until the funds are expended.

Sec. 31. Minnesota Statutes 1992, section 257.803, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO DISBURSE FUNDS.] The commissioner, with the advice and consent of the advisory council established under this section, may disburse trust fund money to any public or private nonprofit agency to fund a child abuse prevention program. State funds appropriated for child maltreatment prevention grants may be transferred to the children's trust fund special revenue account and are available to carry out this section.

Sec. 32. Minnesota Statutes 1992, section 259.40, subdivision 1, is amended to read:

Subdivision 1. [SUBSIDY PAYMENTS ADOPTION ASSISTANCE.] The commissioner of human services may make subsidy payments as necessary after the subsidized adoption agreement is approved to shall enter into an adoption assistance agreement with an adoptive parent or parents who adopt a child who meets the eligibility requirements under title IV-E of the Social Security Act, United States Code, title 42, section sections 670 to 679a, or who otherwise meets the requirements in subdivision 4, is a Minnesota resident and is under guardianship of the commissioner or of a licensed child placing agency after the final decree of adoption is issued. The subsidy payments and any subsequent modifications to the subsidy payments shall be based on the needs of the adopted person that the commissioner has determined cannot be met using other resources including programs available to the adopted person and the adoptive parent or parents.

Sec. 33. Minnesota Statutes 1992, section 259.40, subdivision 2, is amended to read:

Subd. 2. [SUBSIDY ADOPTION ASSISTANCE AGREEMENT.] The placing agency shall certify a child as eligible for a subsidy adoption assistance according to rules promulgated by the commissioner. When a parent or parents are found and approved for adoptive placement of a child certified as eligible for a subsidy adoption assistance, and before the final decree of adoption is issued, a written agreement must be entered into by the commissioner, the adoptive parent or parents, and the placing agency. The written agreement must be in the form prescribed by the commissioner and must set forth the responsibilities of all parties, the anticipated duration of the subsidy adoption assistance payments, and the payment terms. The subsidy adoption assistance agreement shall be subject to the commissioner's approval.

The commissioner shall provide adoption subsidies to the adoptive parent or parents according to the terms of the subsidy agreement. The subsidy may include payment for basic maintenance expenses of food, clothing, and shelter; amount of adoption assistance is subject to the availability of state and federal funds and shall be determined through agreement with the adoptive parents. The agreement shall take into consideration the circumstances of the adopting parent or parents, the needs of the child being adopted and may provide ongoing monthly assistance, supplemental maintenance expenses related to the adopted person's special needs, nonmedical expenses periodically necessary for purchase of services, items, or equipment related to the special needs, and medical expenses. The placing agency or the adoptive parent or parents shall provide written documentation to support requests the need for subsidy adoption assistance payments. The commissioner may require periodic reevaluation of subsidy adoption assistance payments. The amount of the subsidy payment ongoing monthly adoption assistance granted may in no case exceed that which would be allowable for the child under foster family care and is subject to the availability of state and federal funds.

Sec. 34. Minnesota Statutes 1992, section 259.40, subdivision 3, is amended to read:

Subd. 3. [ANNUAL AFFIDAVIT.] When ~~subsidies~~ adoption assistance agreements are for more than one year, the adoptive parents or guardian or conservator shall annually present an affidavit stating whether the adopted person remains under their care and whether the need for subsidy adoption assistance continues to exist. The commissioner may verify the affidavit. The subsidy adoption assistance agreement shall continue in accordance with its terms as long as the need for subsidy adoption assistance continues and the adopted person ~~is under 22 years of age and~~ is the legal or financial dependent of the adoptive parent or parents or guardian or conservator and is under 18 years of age. The adoption assistance agreement may be extended to age 22 as allowed by rules adopted by the commissioner. Termination or modification of the subsidy adoption assistance agreement may be requested by the adoptive parents or subsequent guardian or conservator at any time. When the commissioner determines that a child is eligible for adoption assistance under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to ~~676~~ 679a, the commissioner shall modify the subsidy adoption assistance agreement in order to obtain the funds under that act.

Sec. 35. Minnesota Statutes 1992, section 259.40, subdivision 4, is amended to read:

Subd. 4. [ELIGIBILITY CONDITIONS.] The placing agency shall determine the child's eligibility for adoption assistance under title IV-E of the Social Security Act. If the child does not qualify, the placing agency shall certify a child as eligible for ~~a state-funded subsidy~~ state funded adoption assistance only if the following criteria are met:

(a) ~~A placement agency has made reasonable efforts to place the child for adoption without subsidy, but has been unsuccessful; or Due to the child's characteristics or circumstances it would be difficult to provide the child and adoptive home without adoption assistance.~~

(b)(1) A placement agency has made reasonable efforts to place the child for adoption without subsidy adoption assistance, but has been unsuccessful; or

~~(b)(2) the child's licensed foster parents desire to adopt the child and it is determined by the placing agency that:~~

~~(1) the adoption is in the best interest of the child; and~~

~~(2) due to the child's characteristics or circumstances it would be difficult to provide the child an adoptive home without subsidy; and.~~

(c) The child has been a ward of the commissioner or ~~licensed~~ a Minnesota-licensed child placing agency.

Sec. 36. Minnesota Statutes 1992, section 259.40, subdivision 5, is amended to read:

Subd. 5. [DETERMINATION OF RESIDENCY.] A child who is a resident of any county in this state when eligibility for subsidy adoption assistance is certified shall remain eligible and receive ~~the subsidy adoption assistance~~ in accordance with the terms of the subsidy adoption assistance agreement, regardless of the domicile or residence of the adopting parents at the time of application for adoptive placement, legal decree of adoption, or thereafter.

Sec. 37. Minnesota Statutes 1992, section 259.40, subdivision 7, is amended to read:

Subd. 7. [REIMBURSEMENT OF COSTS.] Subject to rules of the commissioner, and the provisions of this subdivision a Minnesota-licensed child placing agency or county social service agency shall receive a reimbursement from the commissioner equal to 100 percent of the reasonable and appropriate cost of providing or purchasing adoption services for a child certified as eligible for a subsidy, including adoption assistance. Such assistance may include adoptive family recruitment, counseling, and special training when needed. A Minnesota-licensed child placing agency shall receive reimbursement for adoption services it purchases for or directly provides to an eligible child. A county social service agency shall receive such reimbursement only for adoption services it purchases for an eligible child.

A Minnesota-licensed child placing agency or county social service agency seeking reimbursement under this subdivision shall enter into a reimbursement agreement with the commissioner before providing adoption services for which reimbursement is sought. No reimbursement under this subdivision shall be made to an agency for services provided prior to entering a reimbursement agreement. Separate reimbursement agreements shall be made for each child and separate records shall be kept on each child for whom a reimbursement agreement is made. Funds encumbered and obligated under such an agreement for the child remain available until the terms of the agreement are fulfilled or the agreement is terminated.

Sec. 38. Minnesota Statutes 1992, section 259.40, subdivision 8, is amended to read:

Subd. 8. [INDIAN CHILDREN.] The commissioner is encouraged to work with American Indian organizations to assist in the establishment of American Indian child adoption organizations able to be licensed as child placing agencies. Children certified as eligible for ~~a subsidy~~ adoption assistance under this section who are protected under the Federal Indian Child Welfare Act of 1978 should, whenever possible, be served by the tribal governing body, tribal courts, or a licensed Indian child placing agency.

Sec. 39. Minnesota Statutes 1992, section 259.40, subdivision 9, is amended to read:

Subd. 9. [EFFECT ON OTHER AID.] ~~Subsidy~~ Adoption assistance payments received under this section shall not affect eligibility for any other financial payments to which a person may otherwise be entitled.

Sec. 40. Minnesota Statutes 1992, section 525.539, subdivision 2, is amended to read:

Subd. 2. "Guardian" means a person or entity who is appointed by the court to exercise all of the powers and duties designated in section 525.56 for the care of an incapacitated person or that person's estate, or both.

Sec. 41. Minnesota Statutes 1992, section 525.551, subdivision 7, is amended to read:

Subd. 7. [NOTIFICATION OF COMMISSIONER OF HUMAN SERVICES.] ~~If the ward or conservatee is a patient of a state hospital for the mentally ill, or committed to the regional center, or any state-operated service has a guardianship or conservatorship established, modified, or terminated, the head of the state hospital, regional center, or state-operated service shall be notified. If a ward or conservatee is under the guardianship or conservatorship of the commissioner of human services as mentally retarded or dependent and neglected or is under the temporary custody of the commissioner of human services, the court shall notify the commissioner of human services of the appointment of a guardian, conservator or successor guardian or conservator of the estate of the ward or conservatee if the public guardianship or conservatorship is established, modified, or terminated.~~

Sec. 42. Minnesota Statutes 1992, section 626.559, is amended by adding a subdivision to read:

Subd. 5. [TRAINING REVENUE.] The commissioner of human services shall submit claims for federal reimbursement earned through the activities and services supported through department of human services child protection or child welfare training funds. Federal revenue earned must be used to improve and expand training services by the department. The department expenditures eligible for federal reimbursement under this section must not be made from federal funds or funds used to match other federal funds. The federal revenue earned under this subdivision is available for these purposes until the funds are expended.

Sec. 43. [BASIC SLIDING FEE; ALLOCATION.]

In fiscal year 1993 only, a maximum of \$600,000 in federal funds designated for the basic sliding fee program shall be distributed to counties that, due to the allocation formula change in section 256H.03, subdivision 4, paragraphs (a) to (c), do not have sufficient funds available in the basic sliding fee program to continue services in fiscal year 1993 to families participating in the basic sliding fee program in fiscal year 1992. This maximum of \$600,000 increase for the sliding fee child care fund in fiscal year 1993 is a one-time increase and does not increase the allocation base for the 1994-1995 biennium. The funds shall be distributed as a supplemental fiscal year 1993 allocation to counties without regard to the allocation formula identified in this section. The amount distributed to a county shall be based on earnings in excess of its original fiscal year 1993 allocation after the maintenance of effort requirements in section 256H.12. The sum of a county's original and supplemental fiscal year 1993 allocations may not exceed its fiscal year 1992 allocation. If the amount of funds earned under section 256H.12 is in excess of \$600,000, the distribution shall be prorated to each county based on the ratio of the county's earnings in excess of its allocation to the total of all counties' earnings in excess of their allocations.

Sec. 44. [PINE COUNTY SOCIAL SERVICE GRANT APPLICATION PROCESS.]

Subdivision 1. [AUTHORIZATION FOR DEMONSTRATION PROJECT.] The commissioner of human services shall allow Pine county to send a letter of intent in lieu of completing a grant application to apply for categorical social service funding as part of a four-year intergovernmental agreement demonstration project. The demonstration project is an alternative method of obtaining social service funding which is part of a larger project to simplify and consolidate social services planning and reporting in Pine county. The demonstration project is an effort to streamline planning and remove administrative burdens on smaller counties.

Subd. 2. [SOCIAL SERVICE PLAN.] Pine county must amend its social service plan within 12 months of receiving funding to incorporate the requirements of the grant application process into the social service plan.

Subd. 3. [COMPLIANCE AND MONITORING.] The commissioner may terminate the demonstration project if Pine county is not using the categorical funding for the intended purpose. The commissioner shall send Pine county a 60-day notice and provide an opportunity for Pine county to appeal before terminating the project.

Subd. 4. [REPORT.] The commissioner shall report to the legislature annually beginning January 1, 1995. The report shall evaluate Pine county's intergovernmental agreements project and also the advantages of the alternative funding process for counties with a population under 30,000.

Sec. 45. [EFFECTIVE DATES.]

Sections 31 and 43 are effective the day following final enactment.

ARTICLE 4

DEVELOPMENTAL DISABILITIES

Section 1. Minnesota Statutes 1992, section 252.275, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM.] The commissioner of human services shall establish a statewide program to provide support for persons with mental retardation or related conditions to live as independently as possible in the community. An objective of the program is to reduce unnecessary use of intermediate care facilities for persons with mental retardation or related conditions and home and community-based services. The commissioner shall reimburse county boards for the provision of semi-independent living services licensed by the commissioner pursuant to provided by agencies or individuals that meet the applicable standards of sections 245A.01 to 245A.16 and 252.28, and for the provision of one-time living allowances to secure and furnish a home for a person who will receive semi-independent living services under this section, if other public funds are not available for the allowance.

For the purposes of this section, "semi-independent living services" means training and assistance in managing money, preparing meals, shopping, maintaining personal appearance and hygiene, and other activities which are needed to maintain and improve an adult with mental retardation or a related condition's capability to live in the community. Eligible persons: (1) must be age 18 or older, must need less than a 24-hour plan of care, and; (2) must be unable to function independently without semi-independent living services; and (3) must not be at risk of placement in an intermediate care facility for persons with mental retardation in the absence of less restrictive services.

Semi-independent living services costs and one-time living allowance costs may be paid directly by the county, or may be paid by the recipient with a voucher or cash issued by the county.

Sec. 2. Minnesota Statutes 1992, section 252.275, subdivision 8, is amended to read:

Subd. 8. [USE OF FEDERAL FUNDS AND TRANSFER OF FUNDS TO MEDICAL ASSISTANCE.] (a) The commissioner shall make every reasonable effort to maximize the use of federal funds for semi-independent living services.

(b) The commissioner shall reduce the payments to be made under this section to each county from January 1, 1994 to June 30, 1996, by the amount of the state share of medical assistance reimbursement for services other than residential services provided under the home- and community-based waiver program under section 256B.092 from January 1, 1994 to June 30, 1996, for clients for whom the county is financially responsible and who have been transferred by the county from the semi-independent living services program to the home- and community-based waiver program. Unless otherwise specified, all reduced amounts shall be transferred to the medical assistance state account.

(c) For fiscal year 1997, the base appropriation available under this section shall be reduced by the amount of the state share of medical assistance reimbursement for services other than residential services provided under the home- and community-based waiver program authorized in section 256B.092 from January 1, 1995 to December 31, 1995, for persons who have been transferred from the semi-independent living services program to the home- and community-based waiver program. The base appropriation for the medical assistance state account shall be increased by the same amount.

(d) For purposes of calculating the guaranteed floor under subdivision 4b and to establish the calendar year 1996 allocations, each county's original allocation for calendar year 1995 shall be reduced by the amount transferred to the state medical assistance account under paragraph (b) during the six months ending on June 30, 1995. For purposes of calculating the guaranteed floor under subdivision 4b and to establish the calendar year 1997 allocations, each county's original allocation for calendar year 1996 shall be reduced by the amount transferred to the state medical assistance account under paragraph (b) during the six months ending on June 30, 1996.

Sec. 3. Minnesota Statutes 1992, section 252.41, subdivision 3, is amended to read:

Subd. 3. [DAY TRAINING AND HABILITATION SERVICES FOR ADULTS WITH MENTAL RETARDATION, RELATED CONDITIONS.] "Day training and habilitation services for adults with mental retardation and related conditions" means services that:

(1) include supervision, training, assistance, and supported employment, work-related activities, or other community-integrated activities designed and implemented in accordance with the individual service and individual habilitation plans required under Minnesota Rules, parts 9525.0015 to 9525.0165, to help an adult reach and maintain the highest possible level of independence, productivity, and integration into the community;

(2) are provided under contract with the county where the services are delivered by a vendor licensed under sections 245A.01 to 245A.16 and 252.28, subdivision 2, to provide day training and habilitation services; and

(3) are regularly provided to one or more adults with mental retardation or related conditions in a place other than the adult's own home or residence unless medically contraindicated.

Day training and habilitation services reimbursable under this section do not include special education and related services as defined in the Education of the Handicapped Act, United States Code, title 20, chapter 33, section 1401, clauses (6) and (17), or vocational services funded under section 110 of the Rehabilitation Act of 1973, United States Code, title 29, section 720, as amended.

Sec. 4. [252.450] [AGREEMENTS WITH BUSINESSES TO PROVIDE SUPPORT AND SUPERVISION OF PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS IN COMMUNITY-BASED EMPLOYMENT.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "qualified business" means a business that employs primarily nondisabled persons and will employ persons with mental retardation or related conditions. For purposes of this section, licensed providers of residential services for persons with mental retardation or related conditions are not a qualified business. A qualified business and its employees are exempt from Minnesota Rules, parts 9525.1500 to 9525.1690 and 9525.1800 to 9525.1930.

Subd. 2. [VENDOR PARTICIPATION AND REIMBURSEMENT.] Notwithstanding requirements in chapter 245A, and sections 252.28, 252.40 to 252.46, and 256B.501, vendors of day training and habilitation services may enter into written agreements with qualified businesses to provide additional training and supervision needed by individuals to maintain their employment.

Subd. 3. [AGREEMENT SPECIFICATIONS.] Agreements must include the following:

(1) the type and amount of supervision and support to be provided by the business to the individual in accordance with their needs as identified in their individual service plan;

(2) the methods used to periodically assess the individual's satisfaction with their work, training, and support;

(3) the measures taken by the qualified business and the vendor to ensure the health, safety, and protection of the individual during working hours, including the reporting of abuse and neglect under state law and rules;

(4) the training and support services the vendor will provide to the qualified business, including the frequency of on-site supervision and support; and

(5) any payment to be made to the qualified business by the vendor. Payment to the business must be limited to:

(i) additional costs of training coworkers and managers that exceed ordinary and customary training costs and are a direct result of employing a person with mental retardation or a related condition; and

(ii) additional costs for training, supervising, and assisting the person with mental retardation or a related condition that exceed normal and customary costs required for performing similar tasks or duties.

Payments made to a qualified business under this section must not include incentive payments to the qualified business or salary supplementation for the person with mental retardation or a related condition.

Subd. 4. [CLIENT PROTECTION.] Persons receiving training and support under this section may not be denied their rights or procedural protections under section 256.045, subdivision 4a, or 256B.092, including the county agency's responsibility to arrange for appropriate services, as necessary, in the event that persons lose their job or the contract with the qualified business is terminated.

Subd. 5. [VENDOR PAYMENT.] (a) For purposes of this section, the vendor shall bill and the commissioner shall reimburse for full-day or partial-day services that would otherwise have been paid to the vendor for providing direct services provided that:

(1) the vendor provides services and payments to the business that enable the business to perform services for the client that the vendor would otherwise need to perform; and

(2) any client for whom a rate will be billed was receiving full-time services from the vendor on or before July 1, 1993, and a rate will allow the client to work with support in a community business instead of receiving any other service from the vendor.

(b) Medical assistance reimbursement of services provided to persons receiving day training and habilitation services under this section is subject to the limitations on reimbursement for vocational services under federal law and regulation.

Sec. 5. [252.451] [VENDOR REQUIREMENTS.]

The requirements of Minnesota Rules, parts 9525.1500 to 9525.1690 governing vendors of day training and habilitation services are amended as provided in paragraphs (a) to (f).

(a) Notwithstanding Minnesota Rules, part 9525.1620, subpart 2, item B, orientation must be completed within the first 60 days of employment.

(b) Employees of a business who are subsequently employed by the day training and habilitation program to provide job supports to a client at the business site are exempt from the requirements of Minnesota Rules, part 9525.1620 except for the explanation required in subpart 2, item A, subitem (4).

(c) Notwithstanding Minnesota Rules, part 9525.1590, subpart 2, vendors must annually collect data for each person receiving employment services that is current as of the last day of the calendar year and includes:

- (1) the type of employment activity, location, and job title;
- (2) the number of hours the person worked per week;
- (3) the number of disabled coworkers receiving vendor services at the same work site where the person for whom the data is reported is working; and
- (4) the number of nondisabled and nonsubsidized coworkers employed at the work site.

(d) Space owned or leased by a vendor that is used solely as office space for a community-integrated program is exempt from Minnesota Rules, parts 9525.1520, subpart 2, item B, subitems (1), (2), and (4); and 9525.1650.

(e) If any of the conditions in clauses (1) to (4) are met, the vendor may provide support at the office site for five or fewer persons at any time and be exempt from Minnesota Rules, parts 9525.1520, subpart 2, item B, subitems (1), (2), and (4); and 9525.1650, except that the vendor must document that the building satisfactorily meets local fire regulations. The documentation may be a copy of the routine fire inspection of the building. If a routine inspection has not been completed, a separate inspection must be completed. The conditions are:

- (1) the services are temporary, with an anticipated duration of not more than 60 calendar days, for example when a person begins services or is between community jobs and must spend some portion of each service day involved in the community;
- (2) at least 75 percent of the service week is provided outside the office site in the community;
- (3) the use of the space is for planning meetings or other individualized meetings with persons receiving support;
or
- (4) the person is in transit to a job site or other community-based site.

(f) Notwithstanding Minnesota Rules, part 9525.1630, subparts 4 and 5, the vendor is required to assess and reassess persons in the areas specified in Minnesota Rules, part 9525.1630, subpart 4, items B to E, as authorized by the case manager. Items not specifically authorized are not required.

This section expires on the effective date of the consolidated licensing rules.

Sec. 6. Minnesota Statutes 1992, section 252.46, is amended to read:

252.46 [PAYMENT RATES.]

Subdivision 1. [RATES.] Payment rates to vendors, except regional centers, for county-funded day training and habilitation services and transportation provided to persons receiving day training and habilitation services established by a county board are governed by subdivisions 2 to 11 19. ~~"Payment rate" as used in subdivisions 2 to 11 refers to three kinds of payment rates~~ The commissioner shall approve the following three payment rates for services provided by a vendor:

- (1) a full-day service rate for persons who receive at least six service hours a day, including the time it takes to transport the person to and from the service site;
- (2) a partial-day service rate that must not exceed 75 percent of the full-day service rate for persons who receive less than a full day of service; and
- (3) a transportation rate for providing, or arranging and paying for, transportation of a person to and from the person's residence to the service site.

Medical assistance rates for home and community-based service provided under section 256B.501, subdivision 4, by licensed vendors of day training and habilitation services must not be greater than the rates for the same services established by counties under sections 252.40 to 252.47. For very dependent persons with special needs the commissioner may approve an exception to the approved payment rate under section 256B.501, subdivision 4 or 8.

Subd. 2. [RATE MINIMUM.] Unless a variance is granted under subdivision 6, the minimum payment rates set by a county board for each vendor must be equal to the payment rates approved by the commissioner for that vendor in effect January 1 of the previous calendar year.

Subd. 3. [RATE MAXIMUM.] Unless a variance is granted under subdivision 6, the maximum payment rates for each vendor for a calendar year must be equal to the payment rates approved by the commissioner for that vendor in effect December 1 of the previous calendar year. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual inflation adjustments in reimbursement rates for each vendor, based upon the projected percentage change in the urban consumer price index, all items, published by the United States Department of Labor, for the upcoming calendar year over the current calendar year. The commissioner shall not provide an annual inflation adjustment for the biennium ending June 30, 1993.

Subd. 4. [NEW VENDORS.] (a) Payment rates established by a county for a new vendor for which there were no previous rates must not exceed 95 percent of the greater of 125 percent of the statewide median rates or 125 percent of the average payment rates in the regional development commission district under sections 462.381 to 462.396 in which the new vendor is located unless the criteria in paragraph (b) are met. When at least 50 percent of the persons to be served by the new vendor are persons discharged from a regional treatment center on or after January 1, 1990, the recommended payment rates for the new vendor shall not exceed twice the current statewide average payment rates.

~~For purposes of this subdivision, persons discharged from the regional treatment center do not include persons who received temporary care under section 252A.111, subdivision 3.~~

(b) A payment rate equal to 200 percent of the statewide average rates shall be assigned to persons served by the new vendor when those persons are persons with very severe self-injurious or assaultive behaviors, persons with medical conditions requiring delivery of physician-prescribed medical interventions at one-to-one staffing for at least 15 minutes each time they are performed, or persons discharged from a regional treatment center after May 1, 1993, to the vendor's program. All other persons for whom the new service is needed must be assigned a rate equal to 95 percent of the greater of 125 percent of the statewide median rates or 125 percent of the regional average rates, whichever is higher, and the maximum payment rate that may be recommended is determined by multiplying the number of clients at each limit by the rate corresponding to that limit and dividing the sum by the total number of clients. When the recommended payment rates exceed 95 percent of 125 percent of the greater of the statewide median or regional average rates, whichever is higher, the county must include documentation verifying the medical or behavioral needs of clients. The approved payment rates must be based on 12 months budgeted expenses divided by at least 90 percent of authorized service units associated with the new vendor's licensed capacity. The county must include documentation verifying the person's discharge from a regional treatment center and that admission of new clients to existing services eligible for a rate variance under subdivision 6 was considered before recommending payment rates for a new vendor. Nothing in this subdivision permits development of a new program that primarily results in refinancing of services for individuals already receiving services in existing programs.

Subd. 5. [SUBMITTING RECOMMENDED RATES.] The county board shall submit recommended payment rates to the commissioner on forms supplied by the commissioner at least 60 days before revised payment rates or payment rates for new vendors are to be effective. The forms must ~~require~~ include the county board's written verification of the individual documentation required under section 252.44, clause (a). ~~If the number of days of service provided by a licensed vendor are projected to increase, the county board must recommend payment rates based on the projected increased days of attendance and resulting lower per unit fixed costs. Recommended increases in payment rates for vendors whose approved payment rates are ten or more than ten percent below the statewide median payment rates must be equal to the maximum increases allowed for that vendor under subdivision 3.~~ If a vendor provides services at more than one licensed site, the county board may recommend the same payment rates for each site based on the average rate for all sites. The county board may also recommend differing payment rates for each licensed site if it would result in a total annual payment to the vendor that is equal to or less than the total annual payment that would result if the average rates had been used for all sites. For purposes of this subdivision, the average payment rate for all service sites used by a vendor must be computed by adding the amounts that result when the payment rates for each licensed site are multiplied by the projected annual number of service units to be provided at that site and dividing the sum of those amounts by the total units of service to be provided by the vendor at all sites.

Subd. 6. [VARIANCES.] (a) A variance from the minimum or maximum payment rates in subdivisions 2 and 3 may be granted by the commissioner when the vendor requests and the county board submits to the commissioner a written variance request on forms supplied by the commissioner with the recommended payment rates. ~~The commissioner shall develop by October 1, 1989, a uniform format for submission of documentation for the variance requests. This format shall be used by each vendor requesting a variance. The form shall be developed by the commissioner and shall be reviewed by representatives of advocacy and provider groups and counties. A variance to the rate maximum may be utilized for costs associated with compliance with state administrative rules, compliance with court orders, capital costs required for continued licensure, increased insurance costs, start-up and conversion costs for supported employment, direct service staff salaries and benefits, and transportation. The county board shall review all vendors' payment rates that are ten or more than ten percent lower than the statewide median payment rates. If the county determines that the payment rates do not provide sufficient revenue to the vendor for authorized service delivery the county must recommend a variance under this section. When the county board contracts for increased services from any vendor for some or all individuals receiving services from the vendor, the county board shall review the vendor's payment rates to determine whether the increase requires that a variance to the minimum rates be recommended under this section to reflect the vendor's lower per unit fixed costs, and other program related costs when any of the criteria in clauses (1) to (3) is also met:~~

(1) change is necessary to comply with licensing citations;

(2) a significant change is approved by the commissioner under section 252.28 that is necessary to provide authorized services to new clients with very severe self-injurious or assaultive behavior, or medical conditions requiring delivery of physician-prescribed medical interventions requiring one-to-one staffing for at least 15 minutes each time they are performed, or to new clients directly discharged to the vendor's program from a regional treatment center; or

(3) a significant increase in the average level of staffing is needed to provide authorized services approved by the commissioner under section 252.28, that is necessitated by a decrease in licensed capacity or loss of clientele when counties choose alternative services under Laws 1992, chapter 513, article 9, section 41.

A variance under this paragraph may be approved only if the costs to the medical assistance program do not exceed the medical assistance costs for all clients served by the alternatives and all clients remaining in the existing services.

(b) A variance to the rate minimum may be granted when (1) the county board contracts for increased services from a vendor for some or all individuals receiving services from the vendor lower per unit fixed costs result or (2) when the actual costs of delivering authorized service over a 12-month contract period have decreased.

(c) The written variance request under this subdivision must include documentation that all the following criteria have been met:

(1) The commissioner and the county board have both conducted a review and have identified a need for a change in the payment rates and recommended an effective date for the change in the rate.

(2) ~~The proposed changes are required for the vendor to deliver authorized individual services in an effective and efficient manner.~~

~~(3) The proposed changes are necessary to demonstrate compliance with minimum licensing standards.~~

~~(4) The vendor documents that the changes cannot be achieved by reallocating efforts to reallocate current staff or by reallocating financial resources.~~

~~(5) The county board submits evidence that the need for and any additional staff staffing needs cannot be met by using temporary special needs rate exceptions under Minnesota Rules, parts 9510.1020 to 9510.1140.~~

(3) The vendor documents that financial resources have been reallocated before applying for a variance. No variance may be granted for equipment, supplies, or other capital expenditures when depreciation expense for repair and replacement of such items is part of the current rate.

(4) For variances related to loss of clientele, the vendor documents the other program and administrative expenses, if any, that have been reduced.

(6) (5) The county board submits verification of the conditions for which the variance is requested, a description of the nature and cost of the proposed changes, and how the county will monitor the use of money by the vendor to make necessary changes in services.

(7) (6) The county board's recommended payment rates do not exceed 95 percent of the greater of 125 percent of the current calendar year's statewide median or 125 percent of the regional average payment rates, whichever is higher, for each of the regional commission districts under sections 462.381 to 462.396 in which the vendor is located except for the following: when a variance is recommended to allow authorized service delivery to new clients with severe self-injurious or assaultive behaviors or with medical conditions requiring delivery of physician prescribed medical interventions, or to persons being directly discharged from a regional treatment center to the vendor's program, those persons must be assigned a payment rate of 200 percent of the current statewide average rates. All other clients receiving services from the vendor must be assigned a payment rate equal to the vendor's current rate unless the vendor's current rate exceeds 95 percent of 125 percent of the statewide median or 125 percent of the regional average payment rates, whichever is higher. When the vendor's rates exceed 95 percent of 125 percent of the statewide median or 125 percent of the regional average rates, the maximum rates assigned to all other clients must be equal to the greater of 95 percent of 125 percent of the statewide median or 125 percent of the regional average rates. The maximum payment rate that may be recommended for the vendor under these conditions is determined by multiplying the number of clients at each limit by the rate corresponding to that limit and then dividing the sum by the total number of clients.

(7) The vendor has not received a variance under this subdivision in the past 12 months.

(d) The commissioner shall have 60 calendar days from the date of the receipt of the complete request to accept or reject it, or the request shall be deemed to have been granted. If the commissioner rejects the request, the commissioner shall state in writing the specific objections to the request and the reasons for its rejection.

Subd. 7. [~~TIME REQUIREMENTS AND APPEALS PROCESS FOR VARIANCES RATE RECONSIDERATIONS.~~] The commissioner shall notify in writing county boards requesting variances within 60 days of receiving the variance request from the county board. The notification shall give reasons for denial of the variance, if it is denied. A host county that disagrees with a rate decision of the commissioner under subdivision 6 or 9 may request reconsideration by the commissioner within 45 days after the date the host county received notification of the commissioner's decision. The request must state the reasons why the host county is requesting reconsideration of the rate decision and present evidence explaining the host county's disagreement with the rate decision.

The commissioner shall review the host county's evidence and provide the host county with written notification of the decision on the request within 60 days. The commissioner's decision on the request is final.

Until a reconsideration request is decided, payments must continue at a rate the commissioner determines complies with this section. If a higher rate is approved, the commissioner shall order a retroactive payment as determined in the commissioner's decision.

Subd. 8. [COMMISSIONER'S NOTICE TO BOARDS, VENDORS.] The commissioner shall notify the county boards and vendors of:

(4) the average regional payment rates and, 95 percent of 125 percent of the average regional payments rates for each of the regional development commission districts designated in sections 462.381 to 462.396, and, 95 percent of 125 percent of the statewide median rates, and 200 percent of the statewide average rates.

(2) the projected inflation rate for the year in which the rates will be effective equal to the most recent projected change in the urban consumer price index, all items, published by the United States Department of Labor, for the upcoming calendar year over the current calendar year.

Subd. 9. [APPROVAL OR DENIAL OF RATES.] The commissioner shall approve the county board's recommended payment rates when the rates and verification justifying the projected service units comply with subdivisions 2 to 10 18. The commissioner shall notify the county board in writing of the approved payment rates within 60 days of receipt of the rate recommendations. If the rates are not approved, or if rates different from those originally recommended are approved, the commissioner shall within 60 days of receiving the rate recommendation notify the county board in writing of the reasons for denying or substituting a different rate for the recommended rates. Approved payment rates remain effective until the commissioner approves different rates in accordance with subdivisions 2 and 3.

Subd. 10. [VENDOR'S REPORT; AUDIT.] The vendor shall report to the commissioner and the county board on forms prescribed by the commissioner at times specified by the commissioner. The reports shall include programmatic and fiscal information. Fiscal information shall be provided in accordance with an annual audit that complies with the requirements of Minnesota Rules, parts 9550.0010 to 9550.0092. The audit must be done in accordance with generally accepted auditing standards to result in statements that include a balance sheet, income statement, changes in financial position, and the certified public accountant's opinion. The audit must provide supplemental statements for each day training and habilitation program with an approved unique set of rates.

Subd. 11. [IMPROPER TRANSACTIONS.] Transactions that have the effect of circumventing subdivisions 1 to 10 18 must not be considered by the commissioner for the purpose of payment rate approval under the principle that the substance of the transaction prevails over the form.

Subd. 12. ~~[RATES ESTABLISHED AFTER 1990.] Unless a variance is granted under subdivision 6, payment rates established by a county for calendar year 1990 and which are in effect December 31, 1990, remain in effect until June 30, 1991. Payment rates established by a county board to be paid to a vendor on or after July 1, 1991, must be determined under permanent rules adopted by the commissioner. Until permanent rules are adopted, the payment rates must be determined according to subdivisions 1 to 11 except for the period from July 1, 1991, through December 31, 1991, when the increase determined under subdivision 3 must not exceed the projected percentage change in the urban consumer price index, all items, published by the United States Department of Labor, for the current calendar year over the previous calendar year. No county shall pay a rate that is less than the minimum rate determined by the commissioner.~~

~~In developing procedures for setting minimum payment rates and procedures for establishing payment rates, the commissioner shall consider the following factors:~~

- ~~(1) a vendor's payment rate and historical cost in the previous year;~~
- ~~(2) current economic trends and conditions;~~
- ~~(3) costs that a vendor must incur to operate efficiently, effectively and economically and still provide training and habilitation services that comply with quality standards required by state and federal regulations;~~
- ~~(4) increased liability insurance costs;~~
- ~~(5) costs incurred for the development and continuation of supported employment services;~~
- ~~(6) cost variations in providing services to people with different needs;~~
- ~~(7) the adequacy of reimbursement rates that are more than 15 percent below the statewide average; and~~
- ~~(8) other appropriate factors.~~

~~The commissioner may develop procedures to establish differing hourly rates that take into account variations in the number of clients per staff hour, to assess the need for day training and habilitation services, and to control the utilization of services.~~

~~In developing procedures for setting transportation rates, the commissioner may consider allowing the county board to set those rates or may consider developing a uniform standard.~~

~~Medical assistance rates for home and community based services provided under section 256B.501 by licensed vendors of day training and habilitation services must not be greater than the rates for the same services established by counties under sections 252.40 to 252.47.~~

~~Subd. 13. [REVIEW AND REVISION OF PROCEDURES FOR RATE EXCEPTIONS FOR VERY DEPENDENT PERSONS WITH SPECIAL NEEDS.] The commissioner shall review the procedures established in Minnesota Rules, parts 9510.1020 to 9510.1140, that counties must follow to seek authorization for a medical assistance rate exception for services for very dependent persons with special needs. The commissioner shall appoint an advisory task force to work with the commissioner. Members of the task force must include vendors, providers, advocates, and consumers. After considering the recommendations of the advisory task force and county rate setting procedures developed under this section, the commissioner shall:~~

- ~~(1) revise administrative procedures as necessary;~~
- ~~(2) implement new review procedures for county applications for medical assistance rate exceptions for services for very dependent persons with special needs in a manner that accounts for services available to the person within the approved payment rates of the vendor;~~
- ~~(3) provide training and technical assistance to vendors, providers, and counties in use of procedures governing medical assistance rate exceptions for very dependent persons with special needs and in county rate setting procedures established under this subdivision; and~~
- ~~(4) develop a strategy and implementation plan for uniform data collection for use in establishing equitable payment rates and medical assistance rate exceptions for services provided by vendors.~~

~~Subd. 14. [PILOT STUDY.] The commissioner may initiate a pilot payment rate system under section 252.47. The pilot project may establish training and demonstration sites. The pilot payment rate system must include actual transfers of funds, not simulated transfers. The pilot payment rate system may involve vendors representing different geographic regions and rates of reimbursement. Participation in the pilot project is voluntary. Selection of participants by the commissioner is based on the vendor's submission of a complete application form provided by the commissioner. The application must include letters of agreement from the host county, counties of financial responsibility, and residential service providers. Evaluation of the pilot project must include consideration of the effectiveness of procedures governing establishment of equitable payment rates. Implementation of the pilot payment rate system is contingent upon federal approval and systems feasibility. The policies and procedures governing administration, participation, evaluation, service utilization, and payment for services under the pilot payment rate system are not subject to the rulemaking requirements of chapter 14.~~

Subd. 16. [PAYMENT RATE CRITERIA; ALLOCATION OF EXPENDITURES.] Payment rates approved under subdivision 9 must reflect the payment rate criteria in paragraphs (a) and (b) and the allocation principles in paragraph (c).

(a) Payment rates must be based on reasonable costs that are ordinary, necessary, and related to delivery of authorized client services.

(b) The commissioner shall not pay for: (i) unauthorized service delivery; (ii) services provided in accordance with receipt of a special grant; (iii) services provided under contract to a local school district; (iv) extended employment services under Minnesota Rules, parts 3300.1950 to 3300.3050, or vocational rehabilitation services provided under Title I, section 110 or Title VI-C, Rehabilitation Act Amendments of 1992, as amended, and not through use of medical assistance or county social service funds; or (v) services provided to a client by a licensed medical, therapeutic, or rehabilitation practitioner or any other vendor of medical care which are billed separately on a fee for service basis.

(c) On an annual basis, actual and projected contract year expenses must be allocated to standard budget line items corresponding to direct and other program and administrative expenses as submitted to the commissioner with the host county's recommended payment rates. Central or corporate office costs must be allocated to licensed vendor sites within the group served by the central or corporate office according to the cost allocation principles under section 256B.432.

(d) The vendor must maintain records documenting that clients received the billed services.

Subd. 17. [HOURLY RATE STRUCTURE.] Counties participating as host counties under the pilot study of hourly rates established under Laws 1988, chapter 689, article 2, section 117, may recommend continuation of the hourly rates for participating vendors. The recommendation must be made annually under subdivision 5 and according to the methods and standards provided by the commissioner. The commissioner shall approve the hourly rates when service authorization, billing, and payment for services is possible through the Medicaid management information system and the other criteria in this subdivision are met.

Subd. 18. [PILOT STUDY RATES.] By January 1, 1994, counties and vendors operating under the pilot study of hourly rates established under Laws 1988, chapter 689, article 2, section 117, shall work with the commissioner to translate the hourly rates and actual expenditures into rates meeting the criteria in subdivisions 1 to 16 unless hourly rates are approved under subdivision 17.

Sec. 7. Minnesota Statutes 1992, section 252.47, is amended to read:

252.47 [RULES.]

To implement sections 252.40 to 252.47, the commissioner shall adopt permanent rules under sections 14.01 to 14.38, by July 1, 1995. ~~The rules may include a plan for phasing in implementation of the procedures and rates established by the rules. The phase-in may occur prior to calendar year 1991.~~ The commissioner shall establish an advisory task force to advise and make recommendations to the commissioner during the rulemaking process. The advisory task force must include legislators, vendors, residential service providers, counties, consumers, department personnel, and others as determined by the commissioner.

Sec. 8. [256B.0916] [EXPANSION OF HOME- AND COMMUNITY-BASED SERVICES.]

(a) The commissioner shall expand availability of home- and community-based services for persons with mental retardation and related conditions to the extent allowed by federal law and regulation and shall assist counties in transferring persons from semi-independent living services to home- and community-based services. The commissioner may transfer funds from the state semi-independent living services account available under section 252.275, subdivision 8, and state community social services aids available under section 256E.20 to the medical assistance account to pay for the nonfederal share of nonresidential and residential home- and community-based services authorized under section 256B.092 for persons transferring from semi-independent living services.

(b) Upon federal approval, county boards are not responsible for funding semi-independent living services as a social service for those persons who have transferred to the home- and community-based waiver program as a result of the expansion under this subdivision. The county responsibility for those persons transferred shall be assumed under section 256B.092. Notwithstanding the provisions of section 252.275, the commissioner shall continue to allocate funds under that section for semi-independent living services and county boards shall continue to fund services under sections 256E.06 and 256E.14 for those persons who cannot access home- and community-based services under section 256B.092.

(c) Eighty percent of the state funds made available to the commissioner under section 252.275 as a result of persons transferring from the semi-independent living services program to the home- and community-based services program shall be used to fund additional persons in the semi-independent living services program.

Sec. 9. [256E.20] [TRANSFER OF FUNDS TO MEDICAL ASSISTANCE.]

(a) The commissioner shall reduce the payment to be made under sections 256E.06 and 256E.14 to each county on July 1, 1994, by the amount of the state share of medical assistance reimbursement for residential services provided under the home- and community-based waiver program authorized in section 256B.092 from January 1, 1994 to March 31, 1994, for clients for whom the county is financially responsible and have transferred from the semi-independent living services program to the home- and community-based waiver program. For the purposes of this section, residential services include supervised living, in-home support, and respite care services. The commissioner shall similarly reduce the payments to be made between October 1, 1994 and December 31, 1996, for the quarters between April 1, 1994 and June 30, 1996. All reduced amounts shall be transferred to the medical assistance state account.

(b) Beginning fiscal year 1997, the appropriation under sections 256E.06 and 256E.14 shall be reduced by the amount of the state share of medical assistance reimbursement for residential services provided under the home- and community-based waiver program under section 256B.092 from January 1, 1995 to December 31, 1995, for persons who have transferred from the semi-independent living services program to the home- and community-based waiver program. The base appropriation for the medical assistance state account shall be increased by the same amount.

Sec. 10. [EXEMPTION FROM RULES GOVERNING DAY TRAINING AND HABILITATION SERVICES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

Until the commissioner of human services adopts amended licensing rules governing these services, providers of day training and habilitation services are exempt from the following Minnesota Rules:

(1) part 9525.1540;

(2) part 9525.1550, subparts 2, items C and D; 3; 4, items B to E; 5; 9 to 11; and 13;

- (3) part 9525.1590, subpart 2, item C;
- (4) part 9525.1600, subpart 9;
- (5) part 9525.1610, subpart 2;
- (6) part 9525.1640, subparts 1, items A and F; and 2;
- (7) part 9525.1650, subpart 1;
- (8) part 9525.1660, subparts 8 and 12; and
- (9) part 9525.1670, subparts 1 to 3 and 5.

Sec. 11. [DEMONSTRATION PROJECT.]

(a) The commissioner may establish a demonstration project to improve the efficiency and effectiveness of service provision for recipients of services from intermediate care facilities for persons with mental retardation or related conditions.

The commissioner shall establish procedures to implement the project. The demonstration project may be coordinated with other projects authorized in other areas. Participation by providers in the demonstration project is voluntary. The commissioner shall seek any necessary federal waivers to implement the pilot project.

(b) The commissioner may waive rules relating to the provision of residential services for persons with mental retardation or related conditions to the extent necessary to implement the demonstration project. In waiving rules, the commissioner shall consider the recommendations of persons who are and who represent consumers and providers of service and of representatives of state and local agencies administering services. Individuals receiving services under the demonstration project may not be denied rights or procedural protections under Minnesota Statutes, sections 245.825; 245.91 to 245.97; 252.41, subdivision 9; 256.045; 256B.092; 626.556; and 626.557, including the county agency's responsibility to arrange for appropriate services and procedures for the monitoring of psychotropic medications.

(c) The project must meet the following requirements:

- (1) persons and their legal representatives, if any, must be provided with information about the project;
- (2) the project must comply with applicable federal requirements;
- (3) the project proposal must include specific measures to be taken to ensure the health, safety, and protection of the persons participating; and
- (4) persons participating in the project must be informed when any part of Minnesota Rules is waived.

(d) The commissioner shall request and evaluate proposals from county agencies and provider organizations to participate. Upon federal approval, the commissioner shall enter into a performance-based contract with counties and existing licensed ICF/MR providers that specifies the amount and conditions of reimbursement, requirements for monitoring and evaluation, and expected client-based outcomes. Counties and providers shall present potential outcome indicators for consideration in the following areas:

- (1) personal health, safety, and comfort;
- (2) personal growth, independence, and productivity;
- (3) client choice and control over daily life decisions;
- (4) consumer, family, and the case manager's satisfaction with services; and
- (5) community inclusion, including social relationships and participation in valued community roles.

Outcome indicators must be determined by the person and the legal representative, if any, with assistance from the county case manager and provider.

(e) The cost of services for intermediate care facilities for persons with mental retardation paid for under the contract must not exceed 95 percent of the cost of the services that would otherwise have been paid to the intermediate care facility or group of intermediate care facilities during a biennium, including applicable special needs rates and rate adjustments, under the reimbursement system in effect at the time the contracted rate is effective. An intermediate care facility participating in the demonstration project must continue to be licensed. After participation in the project, the facility may be recertified as an intermediate care facility for persons with mental retardation, notwithstanding the provisions of Minnesota Statutes, section 252.291, or the services provided under the demonstration project may be converted to home- and community-based services authorized under Minnesota Statutes, section 256B.092, if the applicable standards are met. The rate paid to a recertified facility must not be greater than the rate paid to the facility before participation in the project. The commissioner may establish emergency rate setting procedures to allow for the transition back to intermediate care services for persons with mental retardation or related conditions.

Sec. 12. [AUTHORITY TO SEEK FEDERAL WAIVER.]

Subdivision 1. [AUTHORITY.] The commissioner of human services may seek federal waivers necessary to implement an integrated management and planning system for persons with mental retardation or related conditions that would enable the commissioner to achieve the goals in subdivisions 2 to 4.

Subd. 2. [COMPREHENSIVE REFORM.] The system shall include new methods of administering services for persons with mental retardation or related conditions that support the needs of the persons and their families in the community to the maximum extent possible.

Subd. 3. [SERVICE ACCESS AND COORDINATION.] The system must include procedural requirements for accessing services that are simple and easily understood by the person or their legal representative, if any. Where duplicative, the requirements shall be unified or streamlined, as appropriate. Service coordination activities shall be flexible to allow the person's needs and preferences to be met.

Subd. 4. [REGULATORY STANDARDS AND QUALITY ASSURANCE.] Regulatory standards requiring unnecessary paperwork, determined to be duplicative, or which are ineffective in establishing accountability in service delivery must be eliminated. Quality assurance methods must continue to include safeguards to ensure the health and welfare of persons receiving services.

Subd. 5. [REPORT.] The commissioner shall report to the legislature by January 1, 1994, on the results of the waiver request. If the waiver is approved, the report must include recommendations to implement the waiver, including budget recommendations, proposed strategies, and implementation timelines.

Sec. 13. [DOWNSIZING PILOT PROJECT.]

(a) The commissioner of human services shall establish a pilot project in Cottonwood county to downsize to 21 beds an existing 45-bed intermediate care facility for persons with mental retardation or related conditions. The project must be approved by the commissioner under Minnesota Statutes, section 252.28, and must include criteria for determining how individuals are selected for alternative services and the use of a request for proposal process in selecting the vendors for alternative services. The project must include:

(1) alternative services for the residents being relocated;

(2) timelines for resident relocation and decertification of beds; and

(3) adjustment of the facility's operating cost rate under Minnesota Rules, part 9553.0050, as necessary to implement the project.

(b) The facility's aggregate investment-per-bed limit in effect before downsizing must be the facility's investment-per-bed limit after downsizing. The facility's total revenues after downsizing must not increase as a result of the downsizing project. The facility's total revenues before downsizing are determined by multiplying the payment rate in effect the day before the downsizing is effective by the number of resident days for the reporting year preceding the downsizing project. For the purpose of this project, the average medical assistance rate for home- and community-based services must not exceed the rate made available under Laws 1992, chapter 513, article 5, section 2.

Sec. 14. [REPEALER.]

Minnesota Statutes 1992, section 252.46, subdivisions 12, 13, and 14, are repealed.

Sec. 15. [EFFECTIVE DATE.]

Section 13 is effective July 1, 1994.

ARTICLE 5

HEALTH CARE ADMINISTRATION

Section 1. Minnesota Statutes 1992, section 62A.045, is amended to read:

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

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

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

Sec. 2. Minnesota Statutes 1992, section 144A.071, is amended to read:

144A.071 [MORATORIUM ON CERTIFICATION OF NURSING HOME BEDS.]

~~Subdivision 1. [FINDINGS.] The legislature finds that medical assistance expenditures are increasing at a much faster rate than the state's ability to pay them; that reimbursement for nursing home care and ancillary services comprises over half of medical assistance costs, and, therefore, controlling expenditures for nursing home care is essential to prudent management of the state's budget; that construction of new nursing homes and the addition of more nursing home beds to the state's long-term care resources inhibits the ability to control expenditures; that Minnesota already leads the nation in nursing home expenditures per capita, has the fifth highest number of beds per capita elderly, and that private paying individuals and medical assistance recipients have equivalent access to nursing home care; and that in the absence of a moratorium the increased numbers of nursing homes and nursing home beds will consume resources that would otherwise be available to develop a comprehensive long-term care system that includes a continuum of care. Unless action is taken, this expansion of bed capacity is likely to accelerate with the repeal of the certificate of need program effective March 15, 1984. The legislature also finds that Minnesota's dependence on institutional care for elderly persons is due in part to the dearth of alternative services in the home and community. The legislature also finds that further increases in the number of licensed nursing home beds, especially in nursing homes not certified for participation in the medical assistance program, is contrary to public policy, because: (1) nursing home residents with limited resources may exhaust their resources more rapidly in these facilities, creating the need for a transfer to a certified nursing home, with the concomitant risk of transfer trauma; (2) a continuing increase in the number of nursing home beds will foster continuing reliance on institutional care to meet the long-term care needs of residents of the state; (3) a further expansion of nursing home beds will diminish incentives to develop more appropriate and cost effective alternative services and divert community resources that would otherwise be available to fund alternative services; (4) through corporate reorganization resulting in the separation of certified and licensed beds, a nursing home may evade the provisions of section 256B.48, subdivision 1, clause (a); and (5) it is in the best interests of the state to ensure that the long-term care system is designed to protect the private resources of individuals as well as to use state resources most effectively and efficiently.~~

The legislature declares that a moratorium on the licensure and medical assistance certification of new nursing home beds and construction projects that exceed the lesser of \$500,000 or 25 percent of a facility's appraised value is necessary to control nursing home expenditure growth and enable the state to meet the needs of its elderly by providing high quality services in the most appropriate manner along a continuum of care.

Subd. 1a. [DEFINITIONS.] For purposes of sections 144A.071 to 144A.073, the following terms have the meanings given them:

(a) "attached fixtures" has the meaning given in Minnesota Rules, part 9549.0020, subpart 6.

(b) "buildings" has the meaning given in Minnesota Rules, part 9549.0020, subpart 7.

(c) "capital assets" has the meaning given in section 256B.421, subdivision 16.

(d) "commenced construction" means that all of the following conditions were met: the final working drawings and specifications were approved by the commissioner of health; the construction contracts were let; a timely construction schedule was developed, stipulating dates for beginning, achieving various stages, and completing construction; and all zoning and building permits were applied for.

(e) "completion date" means the date on which a certificate of occupancy is issued for a construction project, or if a certificate of occupancy is not required, the date on which the construction project is available for facility use.

(f) "construction" means any erection, building, alteration, reconstruction, modernization, or improvement necessary to comply with the nursing home licensure rules.

(g) "construction project" means:

(1) a capital asset addition to, or replacement of a nursing home or certified boarding care home that results in new space or the remodeling of or renovations to existing facility space;

(2) the remodeling or renovation of existing facility space the use of which is modified as a result of the project described in clause (1). This existing space and the project described in clause (1) must be used for the functions as designated on the construction plans on completion of the project described in clause (1) for a period of not less than 24 months; or

(3) capital asset additions or replacements that are completed within 12 months before or after the completion date of the project described in clause (1).

(h) "new licensed" or "new certified beds" means:

(1) newly constructed beds in a facility or the construction of a new facility that would increase the total number of licensed nursing home beds or certified boarding care or nursing home beds in the state; or

(2) newly licensed nursing home beds or newly certified boarding care or nursing home beds that result from remodeling of the facility that involves relocation of beds but does not result in an increase in the total number of beds, except when the project involves the upgrade of boarding care beds to nursing home beds, as defined in section 144A.073, subdivision 1. "Remodeling" includes any of the type of conversion, renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1.

(i) "project construction costs" means the cost of the facility capital asset additions, replacements, renovations, or remodeling projects, construction site preparation costs, and related soft costs. Project construction costs also include the cost of any remodeling or renovation of existing facility space which is modified as a result of the construction project.

Subd. 2. [MORATORIUM.] The commissioner of health, in coordination with the commissioner of human services, shall deny each request by a nursing home or boarding care home, except an intermediate care facility for the mentally retarded, for addition of new licensed or certified nursing home or certified boarding care beds or for a change or changes in the certification status of existing beds except as provided in subdivision 3 or 4a, or section 144A.073. The total number of certified beds in the state shall remain at or decrease from the number of beds certified on May 23, 1983, except as allowed under subdivision 3. "Certified bed" means a nursing home bed or a boarding care bed certified by the commissioner of health for the purposes of the medical assistance program, under United States Code, title 42, sections 1396 et seq.

The commissioner of human services, in coordination with the commissioner of health, shall deny any request to issue a license under sections 245A.01 to 245A.16 and section 252.28 and chapter 245A to a nursing home or boarding care home, if that license would result in an increase in the medical assistance reimbursement amount. The commissioner of health shall deny each request for licensure of nursing home beds except as provided in subdivision 3.

In addition, the commissioner of health must not approve any construction project whose cost exceeds \$500,000, or 25 percent of the facility's appraised value, whichever is less, unless:

(a) any construction costs exceeding the lesser of \$500,000 or 25 percent of the facility's appraised value are not added to the facility's appraised value and are not included in the facility's payment rate for reimbursement under the medical assistance program; or

(b) the project:

(1) has been approved through the process described in section 144A.073;

(2) meets an exception in subdivision 3 or 4a;

(3) is necessary to correct violations of state or federal law issued by the commissioner of health;

(4) is necessary to repair or replace a portion of the facility that was destroyed by fire, lightning, or other hazards provided that the provisions of subdivision 3 4a, clause ~~(b)~~ (a), are met; or

(5) as of May 1, 1992, the facility has submitted to the commissioner of health written documentation evidencing that the facility meets the "commenced construction" definition as specified in subdivision 3 1a, clause ~~(b)~~ (d), or that substantial steps have been taken prior to April 1, 1992, relating to the construction project. "Substantial steps" require that the facility has made arrangements with outside parties relating to the construction project and include the hiring of an architect or construction firm, submission of preliminary plans to the department of health or documentation from a financial institution that financing arrangements for the construction project have been made; or

(6) is being proposed by a licensed nursing facility that is not certified to participate in the medical assistance program and will not result in new licensed or certified beds.

Prior to the final plan approval of any construction project, the commissioner of health shall be provided with an itemized cost estimate for the project construction project costs. If a construction project is anticipated to be completed in phases, the total estimated cost of all phases of the project shall be submitted to the commissioner and shall be considered as one construction project. Once the construction project is completed and prior to the final clearance by the commissioner, the total actual project construction costs for the construction project shall be submitted to the commissioner. If the final project construction cost exceeds the dollar threshold in this subdivision, the commissioner of human services shall not recognize any of the project construction costs or the related financing costs in excess of this threshold in establishing the facility's property-related payment rate.

The dollar thresholds for construction projects are as follows: for construction projects other than those authorized in clauses (1) to (6), the dollar threshold is \$500,000 or 25 percent of appraised value, whichever is less. For projects authorized after July 1, 1993, under clause (1), the dollar threshold is the cost estimate submitted with a proposal for an exception under section 144A.073, plus inflation as calculated according to section 256B.431, subdivision 3f, paragraph (a). For projects authorized under clauses (2) to (4), the dollar threshold is the itemized estimate project construction costs submitted to the commissioner of health at the time of final plan approval, plus inflation as calculated according to section 256B.431, subdivision 3f, paragraph (a).

The commissioner of health shall adopt emergency or permanent rules to implement this section or to amend the emergency rules for granting exceptions to the moratorium on nursing homes under section 144A.073. The authority to adopt emergency rules continues to December 30, 1992.

Subd. 3. [EXCEPTIONS AUTHORIZING AN INCREASE IN BEDS.] The commissioner of health, in coordination with the commissioner of human services, may approve the addition of a new certified bed or the addition of a new licensed nursing home bed, under the following conditions:

(a) to replace a bed license or certify a new bed in place of one decertified after May 23, 1983 July 1, 1993, as long as the number of certified plus newly certified or recertified beds does not exceed the number of beds licensed or certified on July 1, 1993, or to address an extreme hardship situation, in a particular county that, together with all contiguous Minnesota counties, has fewer nursing home beds per 1,000 elderly than the number that is ten percent higher than the national average of nursing home beds per 1,000 elderly individuals. For the purposes of this section, the national average of nursing home beds shall be the most recent figure that can be supplied by the federal health care financing administration and the number of elderly in the county or the nation shall be determined by the most recent federal census or the most recent estimate of the state demographer as of July 1, of each year of persons age 65 and older, whichever is the most recent at the time of the request for replacement. In allowing replacement of a decertified bed, the commissioner shall ensure that the number of added or recertified beds does not exceed the total number of decertified beds in the state in that level of care. An extreme hardship situation can only be found after the county documents the existence of unmet medical needs that cannot be addressed by any other alternatives;

~~(b) to certify a new bed in a facility that commenced construction before May 23, 1983. For the purposes of this section, "commenced construction" means that all of the following conditions were met: the final working drawings and specifications were approved by the commissioner of health; the construction contracts were let; a timely construction schedule was developed, stipulating dates for beginning, achieving various stages, and completing construction; and all zoning and building permits were secured;~~

~~(c) to certify beds in a new nursing home that is needed in order to meet the special dietary needs of its residents, if: the nursing home proves to the commissioner's satisfaction that the needs of its residents cannot otherwise be met; elements of the special diet are not available through most food distributors; and proper preparation of the special diet requires incurring various operating expenses, including extra food preparation or serving items, not incurred to a similar extent by most nursing homes;~~

~~(d) to license a new nursing home bed in a facility that meets one of the exceptions contained in clauses (a) to (c);~~

~~(e) to license nursing home beds in a facility that has submitted either a completed licensure application or a written request for licensure to the commissioner before March 1, 1985, and has either commenced any required construction as defined in clause (b) before May 1, 1985, or has, before May 1, 1985, received from the commissioner approval of plans for phased-in construction and written authorization to begin construction on a phased-in basis. For the purpose of this clause, "construction" means any erection, building, alteration, reconstruction, modernization, or improvement necessary to comply with the nursing home licensure rules;~~

~~(f) (b) to certify or license new beds in a new facility that is to be operated by the commissioner of veterans affairs or when the costs of constructing and operating the new beds are to be reimbursed by the commissioner of veterans affairs or the United States Veterans Administration; or~~

~~(g) to license or certify beds in a new facility constructed to replace a facility that was destroyed after June 30, 1987, by fire, lightning, or other hazard provided:~~

~~(1) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;~~

~~(2) at the time the facility was destroyed the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;~~

~~(3) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility;~~

~~(4) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5; and~~

~~(5) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility;~~

~~(h) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed 25 percent of the appraised value of the facility or \$500,000, whichever is less, or to license or certify beds in a facility for which the total costs of remodeling or renovation exceed 25 percent of the appraised value of the facility or \$500,000, whichever is less, if the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the remodeling or renovation;~~

~~(i) (c) to license or certify beds in a facility that has been involuntarily delicensed or decertified for participation in the medical assistance program, provided that an application for relicensure or recertification is submitted to the commissioner within 120 days after delicensure or decertification;~~

~~(j) to license or certify beds in a project recommended for approval by the interagency long-term care planning committee under section 144A.073;~~

~~(k) to license nursing home beds in a hospital facility that are relocated from a different hospital facility under common ownership or affiliation, provided:~~

~~(1) the nursing home beds are not certified for participation in the medical assistance program; and~~

(2) the relocation of nursing home beds under this clause should not exceed a radius of six miles;

(l) to license or certify beds that are moved from one location to another within an existing identifiable complex of hospital buildings, from a hospital-attached nursing home to the hospital building, or from a separate nursing home to a building formerly used as a hospital, provided the original nursing home building will no longer be operated as a nursing home and the building to which the beds are moved will no longer be operated as a hospital. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property related payment rate as a result of the relocation. At the time of the licensure and certification of the nursing home beds, the commissioner of health shall delicense the same number of acute care beds within the existing complex of hospital buildings or building. Relocation of nursing home beds under this clause is subject to the limitations in section 144A.073, subdivision 5;

(m) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds. The relocated beds need not be licensed and certified at the new location simultaneously with the delicensing and decertification of the old beds and may be licensed and certified at any time after the old beds are delicensed and decertified;

(n) to license new nursing home beds in a continuing care retirement community affiliated with a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its residents from outside the state for the purpose of meeting contractual obligations to residents of the retirement community, provided the facility makes a written commitment to the commissioner of human services that it will not seek medical assistance certification for the new beds;

(o) to certify or license new beds in a new facility on the Red Lake Indian Reservation for which payments will be made under the Indian Health Care Improvement Act, Public Law Number 94 437, at the rates specified in United States Code, title 42, section 1396d(b);

(p) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed 25 percent of the appraised value of the facility or \$500,000, whichever is less; or to license as nursing home beds boarding care beds in a facility with an addendum to its provider agreement effective beginning July 1, 1983, if the boarding care beds to be upgraded meet the standards for nursing home licensure. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase in the future. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(q) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of Saint Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property related payment rate as a result of the transfers allowed under this clause;

(r) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property related payment rate by reason of the new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements;

(s) to license or certify beds that are moved from a nursing home to a separate facility under common ownership or control that was formerly licensed as a hospital and is currently licensed as a nursing facility and that is located within eight miles of the original facility, provided the original nursing home building will no longer be operated as a nursing home. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property related payment rate as a result of the relocation;

(t) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of \$200,000 or more;

(u) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(v) to license and certify new nursing home beds to replace beds in a facility condemned as part of an economic redevelopment plan in a city of the first class, provided the new facility is located within one mile of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under existing reimbursement rules; or

(w) to license and certify up to 20 new nursing home beds in a community operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds.

Subd. 4. [MONITORING EXCEPTIONS FOR REPLACEMENT BEDS.] The commissioner of health, in coordination with the commissioner of human services, shall implement mechanisms to monitor and analyze the effect of the moratorium in the different geographic areas of the state. The commissioner of health shall submit to the legislature, no later than January 15, 1984, and annually thereafter, an assessment of the impact of the moratorium by geographic area, with particular attention to service deficits or problems and a corrective action plan.

Subd. 4a. [EXCEPTIONS FOR REPLACEMENT BEDS.] It is in the best interest of the state to ensure that nursing homes and boarding care homes continue to meet the physical plant licensing and certification requirements by permitting certain construction projects. Facilities should be maintained in condition to satisfy the physical and emotional needs of residents while allowing the state to maintain control over nursing home expenditure growth.

The commissioner of health in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(a) to license or certify beds in a new facility constructed to replace a facility or to make repairs in an existing facility that was destroyed or damaged after June 30, 1987, by fire, lightning, or other hazard provided:

(i) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(ii) at the time the facility was destroyed or damaged the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(iii) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility or repairs;

(iv) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5;

(v) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility; and

(vi) the commissioner determines that the replacement beds are needed to prevent an inadequate supply of beds.

Project construction costs incurred for repairs authorized under this clause shall not be considered in the dollar threshold amount defined in subdivision 2;

(b) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed 25 percent of the appraised value of the facility or \$500,000, whichever is less;

(c) to license or certify beds in a project recommended for approval under section 144A.073;

(d) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds;

(e) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed 25 percent of the appraised value of the facility or \$500,000, whichever is less. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase beyond the number remaining at the time of the upgrade in licensure. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(f) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of St. Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the transfers allowed under this paragraph;

(g) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements;

(h) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of \$200,000 or more;

(i) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(j) to license and certify new nursing home beds to replace beds in a facility condemned as part of an economic redevelopment plan in a city of the first class, provided the new facility is located within one mile of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under existing reimbursement rules;

(k) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds;

(l) to license or certify beds in renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1, so long as the cumulative total costs of the facility's remodeling projects do not exceed 25 percent of the appraised value of the facility or \$500,000, whichever is less;

(m) to license and certify beds that are moved from one location to another for the purposes of converting up to five four-bed wards to single or double occupancy rooms in a nursing home that, as of January 1, 1993, was county-owned and had a licensed capacity of 115 beds;

(n) to allow a facility that on April 16, 1993, was a 106-bed licensed and certified nursing facility located in Minneapolis to layaway all of its licensed and certified nursing home beds. These beds may be relicensed and recertified in a newly-constructed teaching nursing home facility affiliated with a teaching hospital upon approval by the legislature. The proposal must be developed in consultation with the interagency committee on long-term care planning. The beds on layaway status shall have the same status as voluntarily delicensed and decertified beds, except that beds on layaway status remain subject to the surcharge in section 256.9657. This layaway provision expires July 1, 1995;

(o) to allow a project which will be completed in conjunction with an approved moratorium exception project for a nursing home in southern Cass county and which is directly related to that portion of the facility that must be repaired, renovated, or replaced, to correct an emergency plumbing problem for which a state correction order has been issued and which must be corrected by August 31, 1993; or

(p) to allow a facility that on April 16, 1993, was a 368-bed licensed and certified nursing facility located in Minneapolis to layaway, upon 30 days prior written notice to the commissioner, up to 30 of the facility's licensed and certified beds by converting three-bed wards to single or double occupancy. Beds on layaway status shall have the same status as voluntarily delicensed and decertified beds except that beds on layaway status remain subject to the surcharge in section 256.9657, remain subject to the license application and renewal fees under section 144A.07 and shall be subject to a \$100 per bed reactivation fee. In addition, at any time within three years of the effective date of the layaway, the beds on layaway status may be:

(1) relicensed and recertified upon relocation and reactivation of some or all of the beds to an existing licensed and certified facility or facilities located in Pine River, Brainerd, or International Falls; provided that the total project construction costs related to the relocation of beds from layaway status for any facility receiving relocated beds may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073.

(2) relicensed and recertified, upon reactivation of some or all of the beds within the facility which placed the beds in layaway status, if the commissioner has determined a need for the reactivation of the beds on layaway status.

The property-related payment rate of a facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for a facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than three years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified.

Subd. 5. [REPORT.] ~~The commissioner of the state planning agency, in consultation with the commissioners of health and human services,~~ shall report to the senate health and human services care committee and the house health and welfare human services committee by January 15, 1986 and biennially thereafter regarding:

- (1) projections on the number of elderly Minnesota residents including medical assistance recipients;
- (2) the number of residents most at risk for nursing home placement;
- (3) the needs for long-term care and alternative home and noninstitutional services;
- (4) availability of and access to alternative services by geographic region; and
- (5) the necessity or desirability of continuing, modifying, or repealing the moratorium in relation to the availability and development of the continuum of long-term care services.

Subd. 6. [PROPERTY-RELATED PAYMENT RATES OF NEW BEDS.] The property-related payment rates of nursing home or boarding care home beds certified or recertified under subdivision 3 or 4a, shall be adjusted according to Minnesota nursing facility reimbursement laws and rules unless the facility has made a commitment in writing to the commissioner of human services not to seek adjustments to these rates due to property-related expenses incurred as a result of the certification or recertification. Any licensure or certification action authorized under repealed statutes which were approved by the commissioner of health prior to July 1, 1993, shall remain in effect. Any conditions pertaining to property rate reimbursement covered by these repealed statutes prior to July 1, 1993, remain in effect.

Subd. 7. [SUBMISSION OF COST INFORMATION.] Before approval of final construction plans for a nursing home or a certified boarding care home construction project, the licensee shall submit to the commissioner of health an itemized statement of the project construction cost estimates.

If the construction project includes a capital asset addition, replacement, remodeling, or renovation of space such as a hospital, apartment, or shared or common areas, the facility must submit to the commissioner an allocation of capital asset costs, soft costs, and debt information prepared according to Minnesota Rules, part 9549.

Project construction cost estimates must be prepared by a contractor or architect and other licensed participants in the development of the project.

Subd. 8. [FINAL APPROVAL.] Before conducting the final inspection of the construction project required by Minnesota Rules, part 4660.0100, and issuing final clearances for use, the licensee shall provide to the commissioner of health the total project construction costs of the construction project. If total costs are not available, the most recent cost figures shall be provided. Final cost figures shall be submitted to the commissioner when available. The commissioner shall provide a copy of this information to the commissioner of human services.

Sec. 3. Minnesota Statutes 1992, section 144A.073, subdivision 2, is amended to read:

Subd. 2. [REQUEST FOR PROPOSALS.] At the intervals specified in rules, the interagency committee shall publish in the State Register a request for proposals for nursing home projects to be licensed or certified under section 144A.071, subdivision 3 4a, clause (f) (c). The notice must describe the information that must accompany a request and state that proposals must be submitted to the interagency committee within 90 days of the date of publication. The notice must include the amount of the legislative appropriation available for the additional costs to the medical assistance program of projects approved under this section. If no money is appropriated for a year, the notice for that year must state that proposals will not be requested because no appropriations were made. To be considered for approval, a proposal must include the following information:

- (1) whether the request is for renovation, replacement, upgrading, or conversion;
- (2) a description of the problem the project is designed to address;
- (3) a description of the proposed project;
- (4) an analysis of projected costs, including initial construction and remodeling costs, site preparation costs, financing costs, and estimated operating costs during the first two years after completion of the project;
- (5) for proposals involving replacement of all or part of a facility, the proposed location of the replacement facility and an estimate of the cost of addressing the problem through renovation;
- (6) for proposals involving renovation, an estimate of the cost of addressing the problem through replacement;
- (7) the proposed timetable for commencing construction and completing the project; and
- (8) other information required by rule of the commissioner of health.

Sec. 4. Minnesota Statutes 1992, section 144A.073, subdivision 3, is amended to read:

Subd. 3. [REVIEW AND APPROVAL OF PROPOSALS.] Within the limits of money specifically appropriated to the medical assistance program for this purpose, the interagency long-term care planning committee ~~for quality assurance~~ may recommend that the commissioner of health grant exceptions to the nursing home licensure or certification moratorium for proposals that satisfy the requirements of this section. The interagency committee shall appoint an advisory review panel composed of representatives of consumers and providers to review proposals and provide comments and recommendations to the committee. The commissioners of human services and health shall provide staff and technical assistance to the committee for the review and analysis of proposals. The interagency committee shall hold a public hearing before submitting recommendations to the commissioner of health on project requests. The committee shall submit recommendations within 150 days of the date of the publication of the notice, based on a comparison and ranking of proposals using the criteria in subdivision 4. The commissioner of health shall approve or disapprove a project within 30 days after receiving the committee's recommendations. The cost to the medical assistance program of the proposals approved must be within the limits of the appropriations specifically made for this purpose. Approval of a proposal expires 18 months after approval by the commissioner of health unless the facility has commenced construction as defined in section 144A.071, subdivision 3 1a, paragraph (b) (d). The committee's report to the legislature, as required under section 144A.31, must include the projects approved, the criteria used to recommend proposals for approval, and the estimated costs of the projects, including the costs of initial construction and remodeling, and the estimated operating costs during the first two years after the project is completed.

Sec. 5. Minnesota Statutes 1992, section 144A.073, is amended by adding a subdivision to read:

Subd. 3b. [AMENDMENTS TO APPROVED PROJECTS.] (a) Nursing facilities that have received approval on or after July 1, 1993, for exceptions to the moratorium on nursing homes through the process described in this section may request amendments to the designs of the projects by writing the commissioner within 18 months of receiving approval. Applicants shall submit supporting materials that demonstrate how the amended projects meet the criteria described in paragraph (b).

(b) The commissioner shall approve requests for amendments for projects approved on or after July 1, 1993, according to the following criteria:

(1) the amended project designs must provide solutions to all of the problems addressed by the original application that are at least as effective as the original solutions;

(2) the amended project designs may not reduce the space in each resident's living area or in the total amount of common space devoted to resident and family uses by more than five percent;

(3) the costs recognized for reimbursement of amended project designs shall be the threshold amount of the original proposal as identified according to section 144A.071, subdivision 2, except under conditions described in clause (4); and

(4) total costs up to ten percent greater than the cost identified in clause (3) may be recognized for reimbursement if the proposer can document that one of the following circumstances is true:

(i) changes are needed due to a natural disaster;

(ii) conditions that affect the safety or durability of the project that could not have reasonably been known prior to approval are discovered;

(iii) state or federal law require changes in project design; or

(iv) documentable circumstances occur that are beyond the control of the owner and require changes in the design.

(c) Approval of a request for an amendment does not alter the expiration of approval of the project according to subdivision 3.

Sec. 6. Minnesota Statutes 1992, section 147.01, subdivision 6, is amended to read:

Subd. 6. [LICENSE SURCHARGE.] In addition to any fee established under section 214.06, the board shall assess an annual license surcharge of \$400 against each physician licensed under this chapter. The surcharge applies to a physician who is licensed as of or after the effective date of this section in Laws 1992, and whose license is issued or renewed on or after April 1, 1992, and is assessed as follows:

(1) a physician whose license is issued or renewed between April 1 and September 30 shall be billed on or before November 15, and the physician must pay the surcharge by December 15; and

(2) a physician whose license is issued or renewed between October 1 and March 31 shall be billed on or before May 15, and the physician must pay the surcharge by June 15.

The board shall provide that the surcharge payment must be remitted to the commissioner of human services to be deposited in the general fund under section 256.9656. The board shall not renew the license of a physician who has not paid the surcharge required under this section. The board shall promptly provide to the commissioner of human services upon request information available to the board and specifically required by the commissioner to operate the provider surcharge program. The board shall limit the surcharge to physicians residing in Minnesota and the states contiguous to Minnesota upon notification from the commissioner of human services that the federal government has approved a waiver to allow the surcharge to be applied in that manner.

Sec. 7. Minnesota Statutes 1992, 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 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. Upon application or notice of license renewal, the board must provide notice to the applicant and to the person whose license is scheduled to be issued or renewed of any additional fees, surcharges, or other costs which the person is obligated to pay as a condition of licensure. The notice must:

(1) state the dollar amount of the additional costs;

(2) clearly identify to the applicant the payment schedule of additional costs; and

(3) advise the applicant of the right to apply to be excused from the surcharge if a waiver is granted under section 256.9657, subdivision 1b, or relinquish the license to practice medicine in lieu of future payment if applicable.

(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.

Sec. 8. Minnesota Statutes 1992, section 246.18, subdivision 4, is amended to read:

Subd. 4. [~~COLLECTIONS DEPOSITED IN MEDICAL ASSISTANCE ACCOUNT~~ THE GENERAL FUND.] Except as provided in subdivisions 2 and 5, all receipts from collection efforts for the regional treatment centers, 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~~ general fund. 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. 9. Minnesota Statutes 1992, section 256.015, subdivision 4, is amended to read:

Subd. 4. [NOTICE.] The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable in damages to the injured person when the state agency has paid for or become liable for the cost of medical care or payments related to the injury. Notice must be given as follows:

(a) Applicants for public assistance shall notify the state or county agency of any possible claims they may have against a person, firm, or corporation when they submit the application for assistance. Recipients of public assistance shall notify the state or county agency of any possible claims when those claims arise.

(b) A person providing medical care services to a recipient of public assistance shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(c) A person who is a party to a claim upon which the state agency may be entitled to a lien under this section shall notify the state agency of its potential lien claim before filing a claim, commencing an action, or negotiating a settlement. A person who is a party to a claim includes the plaintiff, the defendants, and any other party to the cause of action.

Notice given to the county agency is not sufficient to meet the requirements of paragraphs (b) and (c).

Sec. 10. [256.027] [USE OF VANS PERMITTED.]

The commissioner, after consultation with the commissioner of public safety, shall prescribe procedures to permit the occasional use of lift-equipped vans that have been financed, in whole or in part, by public money to transport an individual whose own lift-equipped vehicle is unavailable because of equipment failure and who is thus unable to complete a trip home or to a medical facility. For purposes of prescribing these procedures, the commissioner is exempt from the provisions of chapter 14. The commissioner shall encourage publicly financed lift-equipped vans to be made available to a county sheriff's department, and to other persons who are qualified to drive the vans and who are also qualified to assist the individual in need of transportation, for this purpose.

Sec. 11. Minnesota Statutes 1992, section 256.9657, subdivision 1, is amended to read:

Subdivision 1. [NURSING HOME LICENSE SURCHARGE.] (a) Effective ~~October 1, 1992~~ July 1, 1993, each non-state-operated nursing home licensed under chapter 144A shall pay to the commissioner an annual surcharge according to the schedule in subdivision 4. The surcharge shall be calculated as \$535 ~~\$620~~ per licensed bed licensed on the previous July 1, except that. If the number of licensed beds is reduced after July 1 but prior to August 1, the surcharge shall be based on the number of remaining licensed beds the second month following the receipt of timely notice by the commissioner of human services that beds have been delicensed. A nursing home entitled to a reduction in the number of beds subject to the surcharge under this provision must demonstrate to the satisfaction of the commissioner by August 5 that the number of beds has been reduced. The nursing home must notify the commissioner of health in writing when beds are delicensed. The commissioner of health must notify the commissioner of human services within ten working days after receiving written notification. If the notification is received by the commissioner of human services by the 15th of the month, the invoice for the second following month must be reduced to recognize the delicensing of beds. Beds on layaway status continue to be subject to the surcharge. The commissioner of human services must acknowledge a medical care surcharge appeal within 30 days of receipt of the written appeal from the provider.

(b) Effective July 1, 1994, the surcharge in paragraph (a) shall be increased to \$625.

Sec. 12. Minnesota Statutes 1992, section 256.9657, is amended by adding a subdivision to read:

Subd. 1b. [PHYSICIAN SURCHARGE WAIVER REQUEST.] (a) The commissioner shall request a waiver from the secretary of health and human services to exclude from the surcharge under section 147.01, subdivision 6, a physician whose license is issued or renewed on or after April 1, 1993, and who:

(1) provides physician services at a free clinic, community clinic, or in an underdeveloped foreign nation and does not charge for any physician services;

(2) has taken a leave of absence of at least one year from the practice of medicine but who intends to return to the practice in the future;

(3) is unable to practice medicine because of terminal illness or permanent disability as certified by an attending physician;

(4) is unemployed; or

(5) is retired.

(b) If a waiver is approved under this subdivision, the commissioner shall direct the board of medical practice to adjust the physician license surcharge under section 147.01, subdivision 6, accordingly.

Sec. 13. Minnesota Statutes 1992, section 256.9657, is amended by adding a subdivision to read:

Subd. 1c. [WAIVER IMPLEMENTATION.] If a waiver is approved under subdivision 1b, the commissioner shall implement subdivision 1b as follows:

(a) The commissioner, in cooperation with the board of medical practice, shall notify each physician whose license is scheduled to be issued or renewed between April 1 and September 30 that an application to be excused from the surcharge must be received by the commissioner prior to September 1 of that year for the period of 12 consecutive calendar months beginning December 15. For each physician whose license is scheduled to be issued or renewed between October 1 and March 31, the application must be received from the physician by March 1 for the period of 12 consecutive calendar months beginning June 15. For each physician whose license is scheduled to be issued or renewed between April 1 and September 30, the commissioner shall make the notification required in this paragraph by July 1. For each physician whose license is scheduled to be issued or renewed between October 1 and March 31, the commissioner shall make the notification required in this paragraph by January 1.

(b) The commissioner shall establish an application form for waiver applications. Each physician who applies to be excused from the surcharge under subdivision 1b, paragraph (a), clause (1), must include with the application:

(1) a statement from the operator of the facility at which the physician provides services, that the physician provides services without charge; and

(2) a statement by the physician that the physician will not charge for any physician services during the period for which the exemption from the surcharge is granted.

Each physician who applies to be excused from the surcharge under subdivision 1b, paragraph (a), clauses (2) to (5), must include with the application:

(i) the physician's own statement certifying that the physician does not intend to practice medicine and will not charge for any physician services during the period for which the exemption from the surcharge is granted;

(ii) the physician's own statement describing in general the reason for the leave of absence from the practice of medicine and the anticipated date when the physician will resume the practice of medicine, if applicable;

(iii) an attending physician's statement certifying that the applicant has a terminal illness or permanent disability, if applicable; and

(iv) the physician's own statement indicating on what date the physician retired or became unemployed, if applicable.

(c) The commissioner shall notify in writing the physicians who are excused from the surcharge under subdivision 1b.

(d) A physician who decides to charge for physician services prior to the end of the period for which the exemption from the surcharge has been granted under subdivision 1b, paragraph (a), clause (1), or to return to the practice of medicine prior to the end of the period for which the exemption from the surcharge has been granted under subdivision 1b, paragraph (a), clause (2), (4), or (5), may do so by notifying the commissioner and shall be responsible for payment of the full surcharge for that period.

(e) Whenever the commissioner determines that the number of physicians likely to be excused from the surcharge under subdivision 1b may cause the physician surcharge to violate the requirements of Public Law Number 102-234 or regulations adopted under that law, the commissioner shall immediately notify the chairs of the senate health care committee and health care and family services funding division and the house of representatives human services committee and human services funding division.

Sec. 14. Minnesota Statutes 1992, section 256.9657, subdivision 2, is amended to read:

Subd. 2. [HOSPITAL SURCHARGE.] (a) Effective October 1, 1992, each Minnesota hospital except facilities of the federal Indian Health Service and regional treatment centers shall pay to the medical assistance account a surcharge equal to 1.4 percent of net patient revenues excluding net Medicare revenues reported by that provider to the health care cost information system according to the schedule in subdivision 4.

(b) Effective July 1, 1994, the surcharge under paragraph (a) is increased to 1.56 percent.

Sec. 15. Minnesota Statutes 1992, section 256.9657, subdivision 3, is amended to read:

Subd. 3. [HEALTH MAINTENANCE ORGANIZATION SURCHARGE.] (a) Effective October 1, 1992, each health maintenance organization with a certificate of authority issued by the commissioner of health under chapter 62D shall pay to the commissioner of human services a surcharge equal to six-tenths of one percent of the total premium revenues of the health maintenance organization as reported to the commissioner of health according to the schedule in subdivision 4.

(b) For purposes of this subdivision, total premium revenue means:

(1) premium revenue recognized on a prepaid basis from individuals and groups for provision of a specified range of health services over a defined period of time which is normally one month, excluding premiums paid to a health maintenance organization from the Federal Employees Health Benefit Program;

(2) premiums from Medicare wrap-around subscribers for health benefits which supplement Medicare coverage;

(3) Medicare revenue, as a result of an arrangement between a health maintenance organization and the health care financing administration of the federal Department of Health and Human Services, for services to a Medicare beneficiary; and

(4) medical assistance revenue, as a result of an arrangement between a health maintenance organization and a Medicaid state agency, for services to a medical assistance beneficiary.

If advance payments are made under clause (1) or (2) to the health maintenance organization for more than one reporting period, the portion of the payment that has not yet been earned must be treated as a liability.

Sec. 16. Minnesota Statutes 1992, section 256.9657, subdivision 7, is amended to read:

Subd. 7. [COLLECTION; CIVIL PENALTIES.] The provisions of sections 289A.35 to 289A.50 relating to the authority to audit, assess, collect, and pay refunds of other state taxes may be implemented by the commissioner of human services with respect to the tax, penalty, and interest imposed by this section and section 147.01, subdivision 6. The commissioner of human services shall impose civil penalties for violation of this section or section 147.01, subdivision 6, as provided in section 289A.60, and the tax and penalties are subject to interest at the rate provided in section 270.75. The commissioner of human services shall have the power to abate penalties and interest when discrepancies occur resulting from, but not limited to, circumstances of error and mail delivery. The commissioner of human services shall bring appropriate civil actions to collect provider payments due under this section and section 147.01, subdivision 6.

Sec. 17. Minnesota Statutes 1992, section 256.9685, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The commissioner shall establish procedures for determining medical assistance and general assistance medical care payment rates under a prospective payment system for inpatient hospital services in hospitals that qualify as vendors of medical assistance. The commissioner shall establish, by rule, procedures for implementing this section and sections 256.9686, 256.969, and 256.9695. The medical assistance payment rates must be based on methods and standards that the commissioner finds are adequate to provide for the costs that must be incurred for the care of recipients in efficiently and economically operated hospitals. Services must meet the requirements of section 256B.04, subdivision 15, or 256D.03, subdivision 7, paragraph (b), to be eligible for payment except the commissioner may establish exemptions to specific requirements based on diagnosis, procedure, or service after notice in the State Register and a 30-day comment period.

Subd. 1a. [ADMINISTRATIVE RECONSIDERATION.] Notwithstanding sections 256B.04, subdivision 15, and 256D.03, subdivision 7, the commissioner ~~may~~ shall establish an administrative reconsideration process for appeals of inpatient hospital services determined to be medically unnecessary. The reconsideration process shall take place prior to the contested case procedures of chapter 14 subdivision 1b and shall be conducted by physicians that are independent of the case under reconsideration. A majority decision by the physicians is necessary to make a determination that the services were not medically necessary.

Subd. 1b. [APPEAL OF RECONSIDERATION.] Notwithstanding section 256B.72, the commissioner may recover inpatient hospital payments for services that have been determined to be medically unnecessary ~~under~~ after the reconsideration process and determinations. A physician or hospital may appeal the result of the reconsideration process by submitting a written request for review to the commissioner within 30 days after receiving notice of the action. The commissioner shall review the medical record and information submitted during the reconsideration process and the medical review agent's basis for the determination that the services were not medically necessary for inpatient hospital services. The commissioner shall issue an order upholding or reversing the decision of the reconsideration process based on the review. A hospital or physician who is aggrieved by an order of the commissioner may appeal the order to the district court of the county in which the physician or hospital is located by serving a written copy of the notice of appeal upon the commissioner within 30 days after the date the commissioner issued the order.

Sec. 18. Minnesota Statutes 1992, section 256.969, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL COST INDEX.] (a) The hospital cost index shall be obtained from an independent source and shall represent a weighted average of historical, as limited to statutory maximums, and projected cost change estimates determined for expense categories to include wages and salaries, employee benefits, medical and professional fees, raw food, utilities, insurance including malpractice insurance, and other applicable expenses as determined by the commissioner. The index shall reflect Minnesota cost category weights. Individual indices shall be specific to Minnesota if the commissioner determines that sufficient accuracy of the hospital cost index is achieved. The hospital cost index may be used to adjust the base year operating payment rate through the rate year on an annually compounded basis. Notwithstanding section 256.9695, subdivision 3, paragraph (c), the hospital cost index shall not be effective under the general assistance medical care program and shall be limited to five percent under the medical assistance program for admissions occurring during the biennium ending June 30, 1993, and the hospital cost index under medical assistance, excluding general assistance medical care, shall be increased by one percentage point to reflect changes in technology for admissions occurring after September 30, 1992 1995.

(b) For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for hospital payment rates under medical assistance, ~~excluding the technology factor under paragraph (a),~~ nor under general assistance medical care. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in hospital payment rates under medical assistance and general assistance medical care, based upon the hospital cost index.

Sec. 19. Minnesota Statutes 1992, section 256.969, subdivision 8, is amended to read:

Subd. 8. [UNUSUAL COST OR LENGTH OF STAY EXPERIENCE.] The commissioner shall establish day ~~and cost~~ outlier thresholds for each diagnostic category established under subdivision 2 at two standard deviations beyond the mean length of stay ~~or allowable cost~~. Payment for the days ~~and cost~~ beyond the outlier threshold shall be in addition to the operating and property payment rates per admission established under subdivisions 2, 2b, and 2c. Payment for outliers shall be at 70 percent of the allowable operating cost, after adjustment by the case mix index, hospital cost index, relative values and the disproportionate population adjustment. The outlier threshold for neonatal and burn diagnostic categories shall be established at one standard deviation beyond the mean length of stay ~~or allowable cost~~, and payment shall be at 90 percent of allowable operating cost calculated in the same manner as other outliers. A hospital may choose an alternative to the 70 percent outlier payment that is at a minimum of 60 percent and a maximum of 80 percent if the commissioner is notified in writing of the request by October 1 of the year preceding the rate year. The chosen percentage applies to all diagnostic categories except burns and neonates. The percentage of allowable cost that is unrecognized by the outlier payment shall be added back to the base year operating payment rate per admission. ~~Cost outliers shall be calculated using hospital specific allowable cost data. If a stay is both a day and a cost outlier, outlier payments shall be based on the higher outlier payment.~~

Sec. 20. Minnesota Statutes, section 256.969, subdivision 9, as amended by Laws 1993, chapter 20, section 1, is amended to read:

Subd. 9. [DISPROPORTIONATE NUMBERS OF LOW-INCOME PATIENTS SERVED.] (a) For admissions occurring on or after October 1, 1992, through December 31, 1992, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. If federal matching funds are not available for all adjustments under this subdivision, the commissioner shall reduce payments on a pro rata basis so that all adjustments qualify for federal match. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision medical assistance does not include general assistance medical care. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this section ~~paragraph~~. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class.

(b) For admissions occurring on or after July 1, 1993, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service.

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision, medical assistance does not include general assistance medical care. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class; and

(3) for a hospital that (i) had medical assistance fee-for-service payment volume during calendar year 1991 in excess of 13 percent of total medical assistance fee-for-service payment volume; or (ii) had medical assistance fee-for-service payment volume during calendar year 1991 in excess of eight percent of total medical assistance fee-for-service payment volume and is affiliated with the University of Minnesota, a medical assistance disproportionate population adjustment shall be paid in addition to any other disproportionate payment due under this subdivision as follows: \$1,010,000 due on the 15th of each month after noon, beginning July 15, 1993.

(c) The commissioner shall adjust rates paid to a health maintenance organization under contract with the commissioner to reflect rate increases provided in paragraph (b), clauses (1) and (2) on a nondiscounted hospital-specific basis, but shall not adjust those rates to reflect payments provided in clause (3).

(d) If federal matching funds are not available for all adjustments under paragraph (b), the commissioner shall reduce payments under paragraph (b), clauses (1) and (2), on a pro rata basis so that all adjustments under paragraph (b) qualify for federal match.

(e) For purposes of this subdivision, medical assistance does not include general assistance medical care.

Sec. 21. Minnesota Statutes 1992, section 256.969, subdivision 9a, as amended by Laws 1993, chapter 20, section 2, is amended to read:

Subd. 9a. [DISPROPORTIONATE POPULATION ADJUSTMENTS AFTER JANUARY UNTIL JULY 1, 1993.] (a) For admissions occurring between January 1, 1993, and June 30, 1993, the adjustment under this subdivision shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of one standard deviation above the arithmetic mean. The adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service, and the result must be multiplied by 1.1.

~~(b) For admissions occurring on or after July 1, 1993, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of one standard deviation above the arithmetic mean. The adjustment must be determined by multiplying the operating payment rate by the difference between the hospital's actual medical assistance inpatient utilization rate and one standard deviation above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service.~~

~~(c) If federal matching funds are not available for all adjustments under this subdivision, the commissioner shall reduce payments on a pro rata basis so that all adjustments qualify for federal match. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision, medical assistance does not include general assistance medical care. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this section. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class. The provisions of this paragraph are effective only if federal matching funds are not available for all adjustments under this subdivision and it is necessary to implement ratable reductions under subdivision 9b.~~

Sec. 22. Minnesota Statutes 1992, section 256.969, subdivision 20, as amended by Laws 1993, chapter 20, section 4, is amended to read:

Subd. 20. [INCREASES IN MEDICAL ASSISTANCE INPATIENT PAYMENTS; CONDITIONS.] (a) Medical assistance inpatient payments shall increase 20 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occurred between July 1, 1988, and December 31, 1990, if: (i) the hospital had 100 or fewer Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For purposes of this paragraph, medical assistance does not include general assistance medical care.

(b) Medical assistance inpatient payments shall increase 15 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occurred between July 1, 1988, and December 31, 1990, if: (i) the hospital had more than 100 but fewer than 250 Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For purposes of this paragraph, medical assistance does not include general assistance medical care.

(c) Medical assistance inpatient payment rates shall increase 20 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occur on or after October 1, 1992, if: (i) the hospital had 100 or fewer Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For a hospital that qualifies for an adjustment under this paragraph and under subdivision 9, ~~9a, or 22 or 23~~, the hospital must be paid the adjustment under subdivisions 9, ~~9a, and 22 and 23~~, as applicable, plus any amount by which the adjustment under this paragraph exceeds the adjustment under those subdivisions. For this paragraph, medical assistance does not include general assistance medical care.

(d) Medical assistance inpatient payment rates shall increase 15 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occur after September 30, 1992, if: (i) the hospital had more than 100 but fewer than 250 Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For a hospital that qualifies for an adjustment under this paragraph and under subdivision 9, ~~9a, or 22 or 23~~, the hospital must be paid the adjustment under subdivisions 9, ~~9a, and 22 and 23~~, as applicable, plus any amount by which the adjustment under this paragraph exceeds the adjustment under those subdivisions. For purposes of this paragraph, medical assistance does not include general assistance medical care.

Sec. 23. Minnesota Statutes 1992, section 256.969, subdivision 22, as amended by Laws 1993, chapter 20, section 5, is amended to read:

Subd. 22. [HOSPITAL PAYMENT ADJUSTMENT.] For admissions occurring from January 1, 1993, until June 30, 1993, the commissioner shall adjust the medical assistance payment paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment under clause (1) for that hospital by 1.1. Any payment under this clause must be reduced by the amount of any payment received under subdivision 9a. For purposes of this subdivision, medical assistance does not include general assistance medical care.

This subdivision is effective only if federal matching funds are not available for all adjustments under this subdivision and it is necessary to implement ratable reductions under subdivision 9b.

Sec. 24. Minnesota Statutes 1992, section 256.969, is amended by adding a subdivision to read:

Subd. 23. [HOSPITAL PAYMENT ADJUSTMENT AFTER JUNE 30, 1993.] (a) For admissions occurring after June 30, 1993, the commissioner shall adjust the medical assistance payment paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment under clause (1) for that hospital by 1.1.

(b) Any payment under this subdivision must be reduced by the amount of any payment received under subdivision 9, paragraph (b), clause (1) or (2). For purposes of this subdivision, medical assistance does not include general assistance medical care.

(c) The commissioner shall adjust rates paid to a health maintenance organization under contract with the commissioner to reflect rate increases provided in this section. The adjustment must be made on a nondiscounted hospital-specific basis.

Sec. 25. Minnesota Statutes 1992, section 256.969, is amended by adding a subdivision to read:

Subd. 24. [HOSPITAL PEER GROUPS.] For admissions occurring on or after the later of July 1, 1994, or the implementation date of the upgrade to the Medicaid management information system, payment rates of each hospital shall be limited to the payment rates within its peer group so that the statewide payment level is reduced by ten percent under the medical assistance program and by 15 percent under the general assistance medical care program. For subsequent rate years, the limits shall be adjusted by the hospital cost index. The commissioner shall contract for the development of criteria for and the establishment of the peer groups. Peer groups must be established based on variables that affect medical assistance cost such as scope and intensity of services, acuity of patients, location, and capacity. Rates shall be standardized by the case mix index and adjusted, if applicable, for the variable outlier percentage. The peer groups may exclude and have separate limits or be standardized for operating cost differences that are not common to all hospitals in order to establish a minimum number of groups.

Sec. 26. Minnesota Statutes 1992, section 256.9695, subdivision 3, is amended to read:

Subd. 3. [TRANSITION.] Except as provided in section 256.969, subdivision 8, the commissioner shall establish a transition period for the calculation of payment rates from July 1, 1989, to the implementation date of the upgrade to the Medicaid management information system or July 1, 1992, whichever is earlier.

During the transition period:

(a) Changes resulting from section 256.969, subdivisions 7, 9, 10, 11, and 13, shall not be implemented, except as provided in section 256.969, subdivisions 12 and 20.

(b) The beginning of the 1991 rate year shall be delayed and the rates notification requirement shall not be applicable.

(c) Operating payment rates shall be indexed from the hospital's most recent fiscal year ending prior to January 1, 1991, by prorating the hospital cost index methodology in effect on January 1, 1989. For payments made for admissions occurring on or after June 1, 1990, until the implementation date of the upgrade to the Medicaid management information system the hospital cost index excluding the technology factor shall not exceed five percent. This hospital cost index limitation shall not apply to hospitals that meet the requirements of section 256.969, subdivision 20, paragraphs (a) and (b).

(d) Property and pass-through payment rates shall be maintained at the most recent payment rate effective for June 1, 1990. However, all hospitals are subject to the hospital cost index limitation of subdivision 2c, for two complete fiscal years. Property and pass-through costs shall be retroactively settled through the transition period. The laws in effect on the day before July 1, 1989, apply to the retroactive settlement.

(e) If the upgrade to the Medicaid management information system has not been completed by July 1, 1992, the commissioner shall make adjustments for admissions occurring on or after that date as follows:

(1) provide a ten percent increase to hospitals that meet the requirements of section 256.969, subdivision 20, or, upon written request from the hospital to the commissioner, 50 percent of the rate change that the commissioner estimates will occur after the upgrade to the Medicaid management information system; and

(2) adjust the Minnesota and local trade area rebased payment rates that are established after the upgrade to the Medicaid management information system to compensate for a rebasing effective date of July 1, 1992. The adjustment shall be based on the change in rates from July 1, 1992, to the rebased rates in effect under determined using claim specific payment changes that result from the rebased rates and revised methodology in effect after the systems upgrade. The Any adjustment that is greater than zero shall be rateably reduced by 20 percent. In addition, every adjustment shall reflect be reduced for payments under clause (1), and differences in the hospital cost index and dissimilar rate establishment procedures such as the variable outlier and the treatment of births and. Hospitals shall revise claims so that services provided by rehabilitation units of hospitals are reported separately. The adjustment shall be in effect for a period not to exceed the amount of time from July 1, 1992, to the systems upgrade until the amount due to or owed by the hospital is fully paid over a number of admissions that is equal to the number of admissions under adjustment multiplied by 1.5. The adjustment for admissions occurring from July 1, 1992, to December 31, 1992, shall be based on claims paid as of August 1, 1993, and the adjustment shall begin with the effective date of rules governing rebasing. The adjustment for admissions occurring from January 1, 1993, to the effective date of the rules shall be based on claims paid as of February 1, 1994, and shall begin after the first adjustment period is fully paid. For purposes of appeals under subdivision 1, the adjustment shall be considered payment at the time of admission.

Sec. 27. [256B.037] [PROSPECTIVE PAYMENT OF DENTAL SERVICES.]

Subdivision 1. [CONTRACT FOR DENTAL SERVICES.] The commissioner may conduct a demonstration project to contract, on a prospective per capita payment basis, with an organization or organizations licensed under chapter 62C or 62D, for the provision of all dental care services beginning July 1, 1994, under the medical assistance, general assistance medical care, and MinnesotaCare programs, or when necessary waivers are granted by the secretary of health and human services, whichever occurs later. The commissioner shall identify a geographic area or areas, including both urban and rural areas, where access to dental services has been inadequate, in which to conduct demonstration projects. The commissioner shall seek any federal waivers or approvals necessary to implement this section from the secretary of health and human services.

The commissioner may exclude from participation in the demonstration project any or all groups currently excluded from participation in the prepaid medical assistance program under section 256B.69.

Subd. 2. [ESTABLISHMENT OF PREPAYMENT RATES.] The commissioner shall consult with an independent actuary to establish prepayment rates, but shall retain final authority over the methodology used to establish the rates. The prepayment rates shall not result in payments that exceed the per capita expenditures that would have been made for dental services by the programs under a fee-for-service reimbursement system. The package of dental benefits provided to individuals under this subdivision shall not be less than the package of benefits provided under the medical assistance fee-for-service reimbursement system for dental services.

Subd. 3. [APPEALS.] All recipients of services under this section have the right to appeal to the commissioner under section 256.045.

Subd. 4. [INFORMATION REQUIRED BY COMMISSIONER.] A contractor shall submit encounter-specific information as required by the commissioner, including, but not limited to, information required for assessing client satisfaction, quality of care, and cost and utilization of services.

Subd. 5. [OTHER CONTRACTS PERMITTED.] Nothing in this section prohibits the commissioner from contracting with an organization for comprehensive health services, including dental services, under section 256B.031, 256B.035, 256B.69, or 256D.03, subdivision 4, paragraph (c).

Sec. 28. Minnesota Statutes 1992, section 256B.04, subdivision 16, is amended to read:

Subd. 16. [PERSONAL CARE SERVICES.] (a) Notwithstanding any contrary language in this paragraph, the commissioner of human services and the commissioner of health shall jointly promulgate rules to be applied to the licensure of personal care services provided under the medical assistance program. The rules shall consider standards for personal care services that are based on the World Institute on Disability's recommendations regarding personal care services. These rules shall at a minimum consider the standards and requirements adopted by the commissioner of health under section 144A.45, which the commissioner of human services determines are applicable to the provision of personal care services, in addition to other standards or modifications which the commissioner of human services determines are appropriate.

The commissioner of human services shall establish an advisory group including personal care consumers and providers to provide advice regarding which standards or modifications should be adopted. The advisory group membership must include not less than 15 members, of which at least 60 percent must be consumers of personal care services and representatives of recipients with various disabilities and diagnoses and ages. At least 51 percent of the members of the advisory group must be recipients of personal care.

The commissioner of human services may contract with the commissioner of health to enforce the jointly promulgated licensure rules for personal care service providers.

Prior to final promulgation of the joint rule the commissioner of human services shall report preliminary findings along with any comments of the advisory group and a plan for monitoring and enforcement by the department of health to the legislature by February 15, 1992.

Limits on the extent of personal care services that may be provided to an individual must be based on the cost-effectiveness of the services in relation to the costs of inpatient hospital care, nursing home care, and other available types of care. The rules must provide, at a minimum:

- (1) that agencies be selected to contract with or employ and train staff to provide and supervise the provision of personal care services;
- (2) that agencies employ or contract with a qualified applicant that a qualified recipient proposes to the agency as the recipient's choice of assistant;
- (3) that agencies bill the medical assistance program for a personal care service by a personal care assistant and supervision by the registered nurse supervising the personal care assistant;
- (4) that agencies establish a grievance mechanism; and
- (5) that agencies have a quality assurance program.

(b) The commissioner may waive the requirement for the provision of personal care services through an agency in a particular county, when there are less than two agencies providing services in that county and shall waive the requirement for personal care assistants required to join an agency for the first time during 1993 when personal care services are provided under a relative hardship waiver under section 256B.0627, subdivision 4, paragraph (b), clause (7), and at least two agencies providing personal care services have refused to employ or contract with the independent personal care assistant.

Sec. 29. Minnesota Statutes 1992, section 256B.042, subdivision 4, is amended to read:

Subd. 4. [NOTICE.] The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable to pay part or all of the cost of medical care when the state agency has paid or become liable for the cost of that care. Notice must be given as follows:

(a) Applicants for medical assistance shall notify the state or local agency of any possible claims when they submit the application. Recipients of medical assistance shall notify the state or local agency of any possible claims when those claims arise.

(b) A person providing medical care services to a recipient of medical assistance shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(c) A person who is a party to a claim upon which the state agency may be entitled to a lien under this section shall notify the state agency of its potential lien claim before filing a claim, commencing an action, or negotiating a settlement. A person who is a party to a claim includes the plaintiff, the defendants, and any other party to the cause of action.

Notice given to the local agency is not sufficient to meet the requirements of paragraphs (b) and (c).

Sec. 30. Minnesota Statutes 1992, section 256B.055, subdivision 1, is amended to read:

Subdivision 1. [CHILDREN ELIGIBLE FOR SUBSIDIZED ADOPTION ASSISTANCE.] Medical assistance may be paid for a child eligible for or receiving adoption assistance payments under title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676, and to any child who is not title IV-E eligible but who was determined eligible for adoption assistance under Minnesota Statutes, section 259.40 or 259.431, subdivision 4, clauses (a) to (c), and has a special need for medical or rehabilitative care.

Sec. 31. Minnesota Statutes 1992, section 256B.056, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD; EXCLUSION FOR INSTITUTIONALIZED PERSONS.] The homestead shall be excluded for the first six calendar months of a person's stay in a long-term care facility and shall continue to be excluded for as long as the recipient can be reasonably expected to return, ~~as provided under the methodologies for the supplemental security income program to the homestead.~~ For purposes of this subdivision, "reasonably expected to return to the homestead" means the recipient's attending physician has certified that the expectation is reasonable, and the recipient can show that the cost of care upon returning home will be met through medical assistance or other sources. The homestead shall continue to be excluded for persons residing in a long-term care facility if it is used as a primary residence by one of the following individuals:

(a) the spouse;

(b) a child under age 21;

(c) a child of any age who is blind or permanently and totally disabled as defined in the supplemental security income program;

(d) a sibling who has equity interest in the home and who resided in the home for at least one year immediately before the date of the person's admission to the facility; or

(e) a child of any age, or, subject to federal approval, a grandchild of any age, who resided in the home for at least two years immediately before the date of the person's admission to the facility, and who provided care to the person that permitted the person to reside at home rather than in an institution.

Sec. 32. Minnesota Statutes 1992, section 256B.0575, is amended to read:

256B.0575 [AVAILABILITY OF INCOME FOR INSTITUTIONALIZED PERSONS.]

When an institutionalized person is determined eligible for medical assistance, the income that exceeds the deductions in paragraphs (a) and (b) must be applied to the cost of institutional care.

(a) The following amounts must be deducted from the institutionalized person's income in the following order:

(1) the personal needs allowance under section 256B.35 or, for a veteran who does not have a spouse or child, or a surviving spouse of a veteran having no child, the amount of any veteran's pension an improved pension received from the veteran's administration not exceeding \$90 per month;

(2) the personal allowance for disabled individuals under section 256B.36;

(3) if the institutionalized person has a legally appointed guardian or conservator, five percent of the recipient's gross monthly income up to \$100 as reimbursement for guardianship or conservatorship services;

(4) a monthly income allowance determined under section 256B.058, subdivision 2, but only to the extent income of the institutionalized spouse is made available to the community spouse;

(5) a monthly allowance for children under age 18 which, together with the net income of the children, would provide income equal to the medical assistance standard for families and children according to section 256B.056, subdivision 4, for a family size that includes only the minor children. This deduction applies only if the children do not live with the community spouse and only if the children resided with the institutionalized person immediately prior to admission;

(6) a monthly family allowance for other family members, equal to one-third of the difference between 122 percent of the federal poverty guidelines and the monthly income for that family member;

(7) reparations payments made by the Federal Republic of Germany; and

(8) amounts for reasonable expenses incurred for necessary medical or remedial care for the institutionalized spouse that are not medical assistance covered expenses and that are not subject to payment by a third party.

For purposes of clause (6), "other family member" means a person who resides with the community spouse and who is a minor or dependent child, dependent parent, or dependent sibling of either spouse. "Dependent" means a person who could be claimed as a dependent for federal income tax purposes under the Internal Revenue Code.

(b) Income shall be allocated to an institutionalized person for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if:

(1) a physician certifies that the person is expected to reside in the long-term care facility for three calendar months or less;

(2) if the person has expenses of maintaining a residence in the community; and

(3) if one of the following circumstances apply:

(i) the person was not living together with a spouse or a family member as defined in paragraph (a) when the person entered a long-term care facility; or

(ii) the person and the person's spouse become institutionalized on the same date, in which case the allocation shall be applied to the income of one of the spouses.

For purposes of this paragraph, a person is determined to be residing in a licensed nursing home, regional treatment center, or medical institution if the person is expected to remain for a period of one full calendar month or more.

Sec. 33. Minnesota Statutes 1992, section 256B.059, subdivision 3, is amended to read:

Subd. 3. [COMMUNITY SPOUSE ASSET ALLOWANCE.] ~~(a)~~ An institutionalized spouse may transfer assets to the community spouse solely for the benefit of the community spouse. Except for increased amounts allowable under subdivision 4, the maximum amount of assets allowed to be transferred is the amount which, when added to the assets otherwise available to the community spouse, is ~~the greater of~~ as follows:

(1) ~~\$12,000~~ prior to July 1, 1994, the greater of:

(i) \$14,148;

~~(2) (ii) the lesser of the spousal share or \$60,000~~ \$70,740; or

(3) (iii) the amount required by court order to be paid to the community spouse; and

(2) for persons who begin their first continuous period of institutionalization on or after July 1, 1994, the greater of:

(i) \$20,000;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse.

If the assets available to the community spouse are already at the limit permissible under this section, or the higher limit attributable to increases under subdivision 4, no assets may be transferred from the institutionalized spouse to the community spouse. The transfer must be made as soon as practicable after the date the institutionalized spouse is determined eligible for medical assistance, or within the amount of time needed for any court order required for the transfer. On January 1, ~~1990~~ 1994, and every January 1 thereafter, the ~~\$12,000 and \$60,000~~ limits in this subdivision shall be adjusted by the same percentage change in the consumer price index for all urban consumers (all items; United States city average) between the two previous Septembers. These adjustments shall also be applied to the ~~\$12,000 and \$60,000~~ limits in subdivision 5.

Sec. 34. Minnesota Statutes 1992, section 256B.059, subdivision 5, is amended to read:

Subd. 5. [ASSET AVAILABILITY.] (a) At the time of application for medical assistance benefits, assets considered available to the institutionalized spouse shall be the total value of all assets in which either spouse has an ownership interest, reduced by the ~~greater of~~ following:

(1) \$12,000; or prior to July 1, 1994, the greater of:

(i) \$14,148;

(2) (ii) the lesser of the spousal share or ~~\$60,000~~ \$70,740; or

(3) (iii) the amount required by court order to be paid to the community spouse;

(2) for persons who begin their first continuous period of institutionalization on or after July 1, 1994, the greater of:

(i) \$20,000;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse. If the community spouse asset allowance has been increased under subdivision 4, then the assets considered available to the institutionalized spouse under this subdivision shall be further reduced by the value of additional amounts allowed under subdivision 4.

(b) An institutionalized spouse may be found eligible for medical assistance even though assets in excess of the allowable amount are found to be available under paragraph (a) if the assets are owned jointly or individually by the community spouse, and the institutionalized spouse cannot use those assets to pay for the cost of care without the consent of the community spouse, and if: (i) the institutionalized spouse assigns to the commissioner the right to support from the community spouse under section 256B.14, subdivision 2 3; (ii) the institutionalized spouse lacks the ability to execute an assignment due to a physical or mental impairment; or (iii) the denial of eligibility would cause an imminent threat to the institutionalized spouse's health and well-being.

(c) After the month in which the institutionalized spouse is determined eligible for medical assistance, during the continuous period of institutionalization, no assets of the community spouse are considered available to the institutionalized spouse, unless the institutionalized spouse has been found eligible under clause (b).

(d) Assets determined to be available to the institutionalized spouse under this section must be used for the health care or personal needs of the institutionalized spouse.

(e) For purposes of this section, assets do not include assets excluded under section 256B.056, without regard to the limitations on total value in that section.

Sec. 35. Minnesota Statutes 1992, section 256B.0595, is amended to read:

256B.0595 [PROHIBITIONS ON TRANSFER; EXCEPTIONS.]

Subdivision 1. [PROHIBITED TRANSFERS.] (a) If a person or the person's spouse has given away, sold, or disposed of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under section 256B.056, subdivision 3, within 30 months before or any time after the date of institutionalization if the person has been determined eligible for medical assistance, or within 30 months before or any time after the date of the first approved application for medical assistance if the person has not yet been determined eligible for medical assistance, the person is ineligible for long-term care services for the period of time determined under subdivision 2.

(b) Effective for transfers made on or after July 1, 1993, or upon federal approval, whichever is later, a person, a person's spouse, or a person's authorized representative may not give away, sell, or dispose of, for less than fair market value, any asset or interest therein, for the purpose of establishing or maintaining medical assistance eligibility. For purposes of determining eligibility for medical assistance, any transfer of an asset within 60 months preceding application for medical assistance or during the period of medical assistance eligibility, including assets excluded under section 256B.056, subdivision 3, for less than fair market value may be considered. Any transfer for less than fair market value made within 60 months preceding application for medical assistance or during the period of medical assistance eligibility is presumed to have been made for the purpose of establishing or maintaining medical assistance eligibility and the person is ineligible for medical assistance for the period of time determined under subdivision 2, unless the person furnishes convincing evidence to establish that the transaction was exclusively for another purpose, or unless the transfer is permitted under subdivisions 3 or 4.

(b) (c) This section applies to transfers, for less than fair market value, of income or assets that are considered income in the month received, such as inheritances, court settlements, and retroactive benefit payments.

(c) (d) This section applies to payments for care or personal services provided by a relative, unless the compensation was stipulated in a notarized, written agreement which was in existence when the service was performed, the care or services directly benefited the person, and the payments made represented reasonable compensation for the care or services provided. A notarized written agreement is not required if payment for the services was made within 60 days after the service was provided.

(d) (e) This section applies to the portion of any asset or interest that a person or a person's spouse transfers to an irrevocable trust, annuity, or other instrument, that exceeds the value of the benefit likely to be returned to the person or spouse while alive, based on estimated life expectancy using the life expectancy tables employed by the supplemental security income program to determine the value of an agreement for services for life. The commissioner may adopt rules reducing life expectancies based on the need for long-term care.

(e) (f) For purposes of this section, long-term care services include nursing facility services, and home- and community-based services provided pursuant to section 256B.491. For purposes of this subdivision and subdivisions 2, 3, and 4, "institutionalized person" includes a person who is an inpatient in a nursing facility, or who is receiving home- and community-based services under section 256B.491.

Subd. 2. [PERIOD OF INELIGIBILITY.] (a) For any uncompensated transfer, the number of months of ineligibility for long-term care services shall be the lesser of 30 months, or the uncompensated transfer amount divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the month in which the assets were transferred. If the transfer was not reported to the local agency at the time of application, and the applicant received long-term care services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of long-term care services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G. The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received.

(b) For uncompensated transfers made on or after July 1, 1993, or upon federal approval, whichever is later, the number of months of ineligibility, including partial months, for medical assistance services shall be the total uncompensated value of the resources transferred divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. If a calculation of a penalty period results in a partial month, payments for medical assistance services will be reduced in an amount equal to the fraction, except that in calculating the value of uncompensated transfers, uncompensated transfers not to exceed \$1,000 in total value per month shall be disregarded for each month prior to the month of application for medical assistance. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the month in which the assets were transferred except that if one or more uncompensated transfers are made during a period of ineligibility, the total assets transferred during the ineligibility period shall be combined and a penalty period calculated to begin in the month the first uncompensated transfer was made. The penalty in this paragraph shall not apply to uncompensated transfers of assets not to exceed a total of \$1,000 per month during a medical assistance eligibility certification period. If the transfer was not reported to the local agency at the time of application, and the applicant received medical assistance services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of medical assistance services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G. The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received.

(c) If the total value of all uncompensated transfers made in a month exceeds \$1,000, the disregards allowed under paragraph (b) do not apply.

Subd. 3. [HOMESTEAD EXCEPTION TO TRANSFER PROHIBITION.] (a) An institutionalized person is not ineligible for long-term care services due to a transfer of assets for less than fair market value if the asset transferred was a homestead and:

(1) title to the homestead was transferred to the individual's

(i) spouse;

(ii) child who is under age 21;

(iii) blind or permanently and totally disabled child as defined in the supplemental security income program;

(iv) sibling who has equity interest in the home and who was residing in the home for a period of at least one year immediately before the date of the individual's admission to the facility; or

(v) son or daughter who was residing in the individual's home for a period of at least two years immediately before the date of the individual's admission to the facility, and who provided care to the individual that permitted the individual to reside at home rather than in an institution or facility;

(2) a satisfactory showing is made that the individual intended to dispose of the homestead at fair market value or for other valuable consideration; or

(3) the local agency grants a waiver of the excess resources created by the uncompensated transfer because denial of eligibility would cause undue hardship for the individual, based on imminent threat to the individual's health and well-being.

(b) When a waiver is granted under paragraph (a), clause (3), a cause of action exists against the person to whom the homestead was transferred for that portion of long-term care services granted within 30 months of the transfer or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G.

(c) Effective for transfers made on or after July 1, 1993, or upon federal approval, whichever is later, an institutionalized person is not ineligible for medical assistance services due to a transfer of assets for less than fair market value if the asset transferred was a homestead and:

(1) title to the homestead was transferred to the individual's

(i) spouse;

(ii) child who is under age 21;

(iii) blind or permanently and totally disabled child as defined in the supplemental security income program;

(iv) sibling who has equity interest in the home and who was residing in the home for a period of at least one year immediately before the date of the individual's admission to the facility; or

(v) son or daughter who was residing in the individual's home for a period of at least two years immediately before the date of the individual's admission to the facility, and who provided care to the individual that permitted the individual to reside at home rather than in an institution or facility;

(2) a satisfactory showing is made that the individual intended to dispose of the homestead at fair market value or for other valuable consideration; or

(3) the local agency grants a waiver of the excess resources created by the uncompensated transfer because denial of eligibility would cause undue hardship for the individual, based on imminent threat to the individual's health and well-being.

(d) When a waiver is granted under paragraph (c), clause (3), a cause of action exists against the person to whom the homestead was transferred for that portion of medical assistance services granted during the period of ineligibility under subdivision 2, or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G.

Subd. 4. [OTHER EXCEPTIONS TO TRANSFER PROHIBITION.] (a) An institutionalized person who has made, or whose spouse has made a transfer prohibited by subdivision 1, is not ineligible for long-term care services if one of the following conditions applies:

(1) the assets were transferred to the community spouse, as defined in section 256B.059; or

(2) the institutionalized spouse, prior to being institutionalized, transferred assets to a spouse, provided that the spouse to whom the assets were transferred does not then transfer those assets to another person for less than fair market value. (At the time when one spouse is institutionalized, assets must be allocated between the spouses as provided under section 256B.059); or

(3) the assets were transferred to the individual's child who is blind or permanently and totally disabled as determined in the supplemental security income program; or

(4) a satisfactory showing is made that the individual intended to dispose of the assets either at fair market value or for other valuable consideration; or

(5) the local agency determines that denial of eligibility for long-term care services would work an undue hardship and grants a waiver of excess assets. When a waiver is granted, a cause of action exists against the person to whom the assets were transferred for that portion of long-term care services granted within 30 months of the transfer, or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action may be brought by the state or the local agency responsible for providing medical assistance under this chapter.

(b) Effective for transfers made on or after July 1, 1993, or upon federal approval, whichever is later, an institutionalized person who has made, or whose spouse has made a transfer prohibited by subdivision 1, is not ineligible for medical assistance services if one of the following conditions applies:

(1) the assets were transferred to the community spouse, as defined in section 256B.059; or

(2) the institutionalized spouse, prior to being institutionalized, transferred assets to a spouse, provided that the spouse to whom the assets were transferred does not then transfer those assets to another person for less than fair market value. (At the time when one spouse is institutionalized, assets must be allocated between the spouses as provided under section 256B.059); or

(3) the assets were transferred to the individual's child who is blind or permanently and totally disabled as determined in the supplemental security income program; or

(4) a satisfactory showing is made that the individual intended to dispose of the assets either at fair market value or for other valuable consideration; or

(5) the local agency determines that denial of eligibility for medical assistance services would work an undue hardship and grants a waiver of excess assets. When a waiver is granted, a cause of action exists against the person to whom the assets were transferred for that portion of medical assistance services granted during the period of ineligibility determined under subdivision 2 or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action may be brought by the state or the local agency responsible for providing medical assistance under this chapter.

Subd. 5. [NOTICE OF RECEIPT OF FEDERAL WAIVER.] In every instance in which a federal waiver that allows the implementation of a provision in this section is granted, the commissioner shall publish notice of receipt of the waiver in the state register.

Sec. 36. Minnesota Statutes 1992, section 256B.0625, subdivision 3, is amended to read:

Subd. 3. [PHYSICIANS' SERVICES.] Medical assistance covers physicians' services. Rates paid for anesthesiology services provided by physicians shall be according to the formula utilized in the Medicare program and shall use a conversion factor "at percentile of calendar year set by legislature."

Sec. 37. Minnesota Statutes 1992, section 256B.0625, subdivision 6a, is amended to read:

Subd. 6a. [HOME HEALTH SERVICES.] Home health services are those services specified in Minnesota Rules, part 9505.0290. Medical assistance covers home health services at a recipient's home residence. Medical assistance does not cover home health services at for residents of a hospital, nursing facility, intermediate care facility, or a health care facility licensed by the commissioner of health, unless the program is funded under a home- and community-based services waiver or unless the commissioner of human services has prior authorized skilled nurse visits for less than 90 days for a resident at an intermediate care facility for persons with mental retardation, to prevent an admission to a hospital or nursing facility or unless a resident who is otherwise eligible is on leave from the facility and the facility either pays for the home health services or forgoes the facility per diem for the leave days that home health services are used. Home health services must be provided by a Medicare certified home health agency. All nursing and home health aide services must be provided according to section 256B.0627.

Sec. 38. Minnesota Statutes 1992, section 256B.0625, subdivision 7, is amended to read:

Subd. 7. [PRIVATE DUTY NURSING.] Medical assistance covers private duty nursing services in a recipient's home. Recipients who are authorized to receive private duty nursing services in their home may use approved hours outside of the home during hours when normal life activities take them outside of their home and when, without the provision of private duty nursing, their health and safety would be jeopardized. Medical assistance does not cover private duty nursing services at for residents of a hospital, nursing facility, intermediate care facility, or a health care facility licensed by the commissioner of health, except as authorized in section 256B.64 for ventilator-dependent recipients in hospitals or unless a resident who is otherwise eligible is on leave from the facility and the facility either pays for the private duty nursing services or forgoes the facility per diem for the leave days that private duty nursing services are used. Total hours of service and payment allowed for services outside the home cannot exceed that which is otherwise allowed in an in-home setting according to section 256B.0627. All private duty nursing services must be provided according to the limits established under section 256B.0627. Private duty nursing services may not be reimbursed if the nurse is the spouse of the recipient or the parent or foster care provider of a recipient who is under age 18, or the recipient's legal guardian.

Sec. 39. Minnesota Statutes 1992, section 256B.0625, subdivision 11, is amended to read:

Subd. 11. [NURSE ANESTHETIST SERVICES.] Medical assistance covers nurse anesthetist services. Rates paid for anesthesiology services provided by certified registered nurse anesthetists shall be according to the formula utilized in the Medicare program and shall use the conversion factor that is used by the Medicare program.

Sec. 40. Minnesota Statutes 1992, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, or by a physician enrolled in the medical assistance program as a dispensing physician. The commissioner, after receiving recommendations from ~~the Minnesota professional medical association associations and the Minnesota pharmacists association professional pharmacist associations,~~ shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. ~~The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981.~~ The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. ~~Committee members shall serve two-year~~ three-year terms and shall serve without compensation. Members may be reappointed once. The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, and vitamins for children under the age of seven and pregnant or nursing women; or any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; ~~nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product;~~ anorectics; and drugs for which medical value has not been established. ~~Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. Separate payment shall not be made for nutritional products for residents of long term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act.~~ The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(b) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner, the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee or the usual and customary price charged to the public. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug may be estimated by the commissioner. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2. Implementation of any change in the fixed dispensing fee that has not been subject to the administrative procedure act is limited to not more than 180 days, unless, during that time, the commissioner initiates rulemaking through the administrative procedure act.

(c) Until ~~January 4, 1993, or~~ the date the on-line, real-time Medicaid Management Information System (MMIS) upgrade is successfully implemented, as determined by the commissioner of administration, whichever occurs last, a pharmacy provider may require individuals who seek to become eligible for medical assistance under a one-month spend-down, as provided in section 256B.056, subdivision 5, to pay for services to the extent of the spend-down amount at the time the services are provided. A pharmacy provider choosing this option shall file a medical assistance claim for the pharmacy services provided. If medical assistance reimbursement is received for this claim, the pharmacy provider shall return to the individual the total amount paid by the individual for the pharmacy services reimbursed by the medical assistance program. If the claim is not eligible for medical assistance reimbursement because of the provider's failure to comply with the provisions of the medical assistance program, the pharmacy provider shall refund to the individual the total amount paid by the individual. Pharmacy providers may choose this option only if they apply similar credit restrictions to private pay or privately insured individuals. A pharmacy provider choosing this option must inform individuals who seek to become eligible for medical assistance under a one-month spend-down of (1) their right to appeal the denial of services on the grounds that they have satisfied the spend-down requirement, and (2) their potential eligibility for the health right program or the children's health plan.

Sec. 41. Minnesota Statutes 1992, section 256B.0625, subdivision 13a, is amended to read:

Subd. 13a. [DRUG UTILIZATION REVIEW BOARD.] A 12-member drug utilization review board is established. The board is comprised of six licensed physicians actively engaged in the practice of medicine in Minnesota; five licensed pharmacists actively engaged in the practice of pharmacy in Minnesota; and one consumer representative. The board shall be staffed by an employee of the department who shall serve as an ex officio nonvoting member of the board. The members of the board shall be appointed by the commissioner and shall serve three-year terms. The physician members shall be selected from a list lists submitted by the Minnesota professional medical association associations. The pharmacist members shall be selected from a list lists submitted by the Minnesota professional pharmacist Association associations. The commissioner shall appoint the initial members of the board for terms expiring as follows: four members for terms expiring June 30, 1995; four members for terms expiring June 30, 1994; and four members for terms expiring June 30, 1993. Members may be reappointed once. The board shall annually elect a chair from among the members.

The commissioner shall, with the advice of the board:

- (1) implement a medical assistance retrospective and prospective drug utilization review program as required by United States Code, title 42, section 1396r-8(g)(3);
- (2) develop and implement the predetermined criteria and practice parameters for appropriate prescribing to be used in retrospective and prospective drug utilization review;

- (3) develop, select, implement, and assess interventions for physicians, pharmacists, and patients that are educational and not punitive in nature;
- (4) establish a grievance and appeals process for physicians and pharmacists under this section;
- (5) publish and disseminate educational information to physicians and pharmacists regarding the board and the review program;
- (6) adopt and implement procedures designed to ensure the confidentiality of any information collected, stored, retrieved, assessed, or analyzed by the board, staff to the board, or contractors to the review program that identifies individual physicians, pharmacists, or recipients;
- (7) establish and implement an ongoing process to (i) receive public comment regarding drug utilization review criteria and standards, and (ii) consider the comments along with other scientific and clinical information in order to revise criteria and standards on a timely basis; and
- (8) adopt any rules necessary to carry out this section.

The board may establish advisory committees. The commissioner may contract with appropriate organizations to assist the board in carrying out the board's duties. The commissioner may enter into contracts for services to develop and implement a retrospective and prospective review program.

The board shall report to the commissioner annually on December 1. The commissioner shall make the report available to the public upon request. The report must include information on the activities of the board and the program; the effectiveness of implemented interventions; administrative costs; and any fiscal impact resulting from the program.

Sec. 42. Minnesota Statutes 1992, section 256B.0625, subdivision 15, is amended to read:

Subd. 15. [~~HEALTH PLAN PREMIUMS AND COPAYMENTS.~~] Medical assistance covers health care prepayment plan premiums ~~and~~ insurance premiums ~~if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act, and copayments if determined to be cost-effective by the commissioner.~~ For purposes of obtaining Medicare part A and part B, and copayments, expenditures may be made even if federal funding is not available.

Sec. 43. Minnesota Statutes 1992, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. [~~TRANSPORTATION COSTS.~~] (a) Medical assistance covers transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this subdivision, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory.

(b) Medical assistance covers special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the provider receives and maintains a current physician's order by the recipient's attending physician. The commissioner shall establish maximum medical assistance reimbursement rates for special transportation services for persons who need a wheelchair lift van or stretcher-equipped vehicle and for those who do not need a wheelchair lift van or stretcher-equipped vehicle. The average of these two rates must not exceed ~~\$13~~ \$14 for the base rate and ~~\$1~~ \$1.10 per mile. Special transportation provided to nonambulatory persons who do not need a wheelchair lift van or stretcher-equipped vehicle, may be reimbursed at a lower rate than special transportation provided to persons who need a wheelchair lift van or stretcher-equipped vehicle.

Sec. 44. Minnesota Statutes 1992, section 256B.0625, subdivision 19a, is amended to read:

Subd. 19a. [~~PERSONAL CARE SERVICES.~~] Medical assistance covers personal care services in a recipient's home. Recipients who can direct their own care, or persons who cannot direct their own care when authorized by the responsible party, may use approved hours outside the home when normal life activities take them outside the home and when, without the provision of personal care, their health and safety would be jeopardized. Medical assistance does not cover personal care services ~~at~~ for residents of a hospital, nursing facility, intermediate care facility or a health care facility licensed by the commissioner of health, or unless a resident who is otherwise eligible is on leave

from the facility and the facility either pays for the personal care services or forgoes the facility per diem for the leave days that personal care services are used except as authorized in section 256B.64 for ventilator-dependent recipients in hospitals. Total hours of service and payment allowed for services outside the home cannot exceed that which is otherwise allowed for personal care services in an in-home setting according to section 256B.0627. All personal care services must be provided according to section 256B.0627. Personal care services may not be reimbursed if the personal care assistant is the spouse of the recipient or the parent of a recipient under age 18, the responsible party or the foster care provider of a recipient who cannot direct the recipient's own care or the recipient's legal guardian unless, in the case of a foster provider, a county or state case manager visits the recipient as needed, but no less than every six months, to monitor the health and safety of the recipient and to ensure the goals of the care plan are met. Parents of adult recipients, adult children of the recipient or adult siblings of the recipient may be reimbursed for personal care services if they are granted a waiver under section 256B.0627.

Sec. 45. Minnesota Statutes 1992, section 256B.0625, subdivision 27, is amended to read:

Subd. 27. [ORGAN AND TISSUE TRANSPLANTS.] Medical assistance coverage for organ ~~and tissue~~ transplant procedures is limited to those procedures covered by the Medicare program, ~~provided those~~ heart-lung transplants for persons with primary pulmonary hypertension and performed at Minnesota transplant centers meeting united network for organ sharing criteria to perform heart-lung transplants; lung transplants using cadaveric donors and performed at Minnesota transplant centers meeting united network for organ sharing criteria to perform lung transplants; pancreas transplants for uremic diabetic recipients of kidney transplants and performed at Minnesota facilities meeting united network for organ sharing criteria to perform pancreas transplants; and allogeneic bone marrow transplants for persons with state III or IV Hodgkin's disease. Transplant procedures must comply with all applicable laws, rules, and regulations governing (1) coverage by the Medicare program, (2) federal financial participation by the Medicaid program, and (3) coverage by the Minnesota medical assistance program. Transplant centers must meet american society of hematology and clinical oncology criteria for bone marrow transplants and be located in Minnesota to receive reimbursement for bone marrow transplants.

Sec. 46. Minnesota Statutes 1992, section 256B.0625, subdivision 28, is amended to read:

Subd. 28. [CERTIFIED NURSE PRACTITIONER SERVICES.] Medical assistance covers services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if the services are otherwise covered under this chapter as a physician service, and if the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171.

Sec. 47. Minnesota Statutes 1992, section 256B.0625, subdivision 29, is amended to read:

Subd. 29. [PUBLIC HEALTH NURSING CLINIC SERVICES.] Medical assistance covers the services of a certified public health nurse or a registered nurse practicing in a public health nursing clinic that is a department of, or that operates under the direct authority of, a unit of government, if the service is within the scope of practice of the public health or registered nurse's license as a registered nurse, as defined in section 148.171.

Sec. 48. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 32. [NUTRITIONAL PRODUCTS.] Medical assistance covers nutritional products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow's milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product. Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities.

Sec. 49. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 33. [AMERICAN INDIAN HEALTH SERVICES FACILITIES.] Medical assistance payments to American Indian health services facilities for outpatient medical services billed after June 30, 1990, must be in accordance with the rate published by the United States Assistant Secretary for Health under the authority of United States Code, title 42, sections 248(a) and 249(b). General assistance medical care payments to American Indian health services facilities for the provision of outpatient medical care services billed after June 30, 1990, must be in accordance with the general assistance medical care rates paid for the same services when provided in a facility other than an American Indian health service facility.

Sec. 50. [256B.0626] [ESTIMATION OF 50TH PERCENTILE OF PREVAILING CHARGES.]

(a) The 50th percentile of the prevailing charge for the base year identified in statute must be estimated by the commissioner in the following situations:

- (1) there were less than ten billings in the calendar year specified in legislation governing maximum payment rates;
- (2) the service was not available in the calendar year specified in legislation governing maximum payment rates;
- (3) the payment amount is the result of a provider appeal;
- (4) the procedure code description has changed since the calendar year specified in legislation governing maximum payment rates, and, therefore, the prevailing charge information reflects the same code but a different procedure description; or
- (5) the 50th percentile reflects a payment which is grossly inequitable when compared with payment rates for procedures or services which are substantially similar.

(b) When one of the situations identified in paragraph (a) occurs, the commissioner shall use the following methodology to reconstruct a rate comparable to the 50th percentile of the prevailing rate:

- (1) refer to information which exists for the first nine billings in the calendar year specified in legislation governing maximum payment rates; or
- (2) refer to surrounding or comparable procedure codes; or
- (3) refer to the 50th percentile of years subsequent to the calendar year specified in legislation governing maximum payment rates, and reduce that amount by applying an appropriate Consumer Price Index formula; or
- (4) refer to relative value indexes; or
- (5) refer to reimbursement information from other third parties, such as Medicare.

Sec. 51. Minnesota Statutes 1992, section 256B.0627, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] (a) "Home care services" means a health service, determined by the commissioner as medically necessary, that is ordered by a physician and documented in a care plan that is reviewed by the physician at least once every 60 days for the provision of home health services, or private duty nursing, or at least once every 365 days for personal care. Home care services are provided to the recipient at the recipient's residence that is a place other than a hospital or long-term care facility or as specified in section 256B.0625.

(b) "Medically necessary" has the meaning given in Minnesota Rules, parts 9505.0170 to 9505.0475.

(c) "Care plan" means a written description of the services needed which is ~~signed~~ developed by the supervisory nurse together with the recipient or responsible party and includes a detailed description of the covered home care services, who is providing the services, frequency and duration of services, and expected outcomes and goals ~~including expected date of goal accomplishment~~. The provider must give the recipient or responsible party a copy of the completed care plan within 30 days of beginning home care services.

(d) "Responsible party" means an individual residing with a recipient of personal care services who is capable of providing the supportive care necessary to assist the recipient to live in the community, is at least 18 years old, and is not a personal care assistant. Responsible parties who are parents of minors or guardians of minors or incapacitated persons may delegate the responsibility to another adult during a temporary absence of at least 24 hours but not more than six months. The person delegated as a responsible party must be able to meet the definition of responsible party, except that the delegated responsible party is required to reside with the recipient only while serving as the responsible party. Foster care license holders may be designated the responsible party for residents of the foster care home if case management is provided as required in section 256B.0625, subdivision 19a. For persons who, as of April 1, 1992, are sharing personal care services in order to obtain the availability of 24-hour coverage, an employee of the personal care provider organization may be designated as the responsible party if case management is provided as required in section 256B.0625, subdivision 19a.

Sec. 52. Minnesota Statutes 1992, section 256B.0627, subdivision 4, is amended to read:

Subd. 4. [PERSONAL CARE SERVICES.] (a) The personal care services that are eligible for payment are the following:

- (1) bowel and bladder care;
- (2) skin care to maintain the health of the skin;
- (3) delegated therapy tasks specific to maintaining a recipient's optimal level of functioning, including range of motion and muscle strengthening exercises;
- (4) respiratory assistance;
- (5) transfers and ambulation;
- (6) bathing, grooming, and hairwashing necessary for personal hygiene;
- (7) turning and positioning;
- (8) assistance with furnishing medication that is normally self-administered;
- (9) application and maintenance of prosthetics and orthotics;
- (10) cleaning medical equipment;
- (11) dressing or undressing;
- (12) assistance with food, nutrition, and diet activities;
- (13) accompanying a recipient to obtain medical diagnosis or treatment;
- (14) helping the recipient to complete daily living skills such as personal and oral hygiene and medication schedules assisting, monitoring, or prompting the recipient to complete the services in clauses (1) to (13);
- (15) supervision redirection, monitoring, and observation that are medically necessary because of the recipient's diagnosis or disability; and and an integral part of completing the personal cares described in clauses (1) to (14);
- (16) redirection and intervention for behavior, including observation and monitoring;
- (17) interventions for seizure disorders including monitoring and observation if the recipient has had a seizure that requires intervention within the past three months; and
- (18) incidental household services that are an integral part of a personal care service described in clauses (1) to (15)

(17).
For purposes of this subdivision, monitoring and observation means watching for outward visible signs that are likely to occur and for which there is a covered personal care service or an appropriate personal care intervention.

(b) The personal care services that are not eligible for payment are the following:

- (1) personal care services that are not in the care plan developed by the supervising registered nurse in consultation with the personal care assistants and the recipient or the responsible party directing the care of the recipient;
- (2) services that are not supervised by the registered nurse;
- (3) services provided by the recipient's spouse, legal guardian, or parent of a minor child;
- (4) services provided by a foster care provider of a recipient who cannot direct their own care, unless monitored by a county or state case manager under section 256B.0625, subdivision 19a;

(5) services provided by the residential or program license holder in a residence for more than four persons;

(6) services that are the responsibility of a residential or program license holder under the terms of a service agreement and administrative rules;

~~(5)~~ (7) sterile procedures;

~~(6)~~ (8) injections of fluids into veins, muscles, or skin;

~~(7)~~ (9) services provided by parents of adult recipients, adult children, or siblings, unless these relatives meet one of the following hardship criteria and the commissioner waives this requirement:

(i) the relative resigns from a part-time or full-time job to provide personal care for the recipient;

(ii) the relative goes from a full-time to a part-time job with less compensation to provide personal care for the recipient;

(iii) the relative takes a leave of absence without pay to provide personal care for the recipient;

(iv) the relative incurs substantial expenses by providing personal care for the recipient; or

(v) because of labor conditions, the relative is needed in order to provide an adequate number of qualified personal care assistants to meet the medical needs of the recipient;

~~(8)~~ (10) homemaker services that are not an integral part of a personal care services; and

~~(9)~~ (11) home maintenance, or chore services.

Sec. 53. Minnesota Statutes 1992, section 256B.0627, subdivision 5, is amended to read:

Subd. 5. [LIMITATION ON PAYMENTS.] Medical assistance payments for home care services shall be limited according to this subdivision.

(a) [EXEMPTION FROM PAYMENT LIMITATIONS.] The level, or the number of hours or visits of a specific service, of home care services to a recipient that began before and is continued without increase on or after December 1987, shall be exempt from the payment limitations of this section, as long as the services are medically necessary.

(b) [LIMITS ON SERVICES WITHOUT PRIOR AUTHORIZATION.] A recipient may receive the following amounts of home care services during a calendar year:

(1) a total of 40 home health aide visits or skilled nurse visits under section 256B.0625, subdivision 6a; and

~~(2) a total of ten hours of nursing supervision under section 256B.0625, subdivision 7 or 19a up to two assessments by a supervising registered nurse to determine a recipient's need for personal care services, develop a care plan, and obtain prior authorization. Additional visits may be authorized by the commissioner if there are circumstances that necessitate a change in provider.~~

(c) [PRIOR AUTHORIZATION; EXCEPTIONS.] All home care services above the limits in paragraph (b) must receive the commissioner's prior authorization, except when:

(1) the home care services were required to treat an emergency medical condition that if not immediately treated could cause a recipient serious physical or mental disability, continuation of severe pain, or death. The provider must request retroactive authorization no later than five working days after giving the initial service. The provider must be able to substantiate the emergency by documentation such as reports, notes, and admission or discharge histories;

(2) the home care services were provided on or after the date on which the recipient's eligibility began, but before the date on which the recipient was notified that the case was opened. Authorization will be considered if the request is submitted by the provider within 20 working days of the date the recipient was notified that the case was opened; or

(3) a third party payor for home care services has denied or adjusted a payment. Authorization requests must be submitted by the provider within 20 working days of the notice of denial or adjustment. A copy of the notice must be included with the request; or

(4) the commissioner has determined that a county or state human services agency has made an error.

(d) [RETROACTIVE AUTHORIZATION.] A request for retroactive authorization under paragraph (c) will be evaluated according to the same criteria applied to prior authorization requests. Implementation of this provision shall begin no later than October 1, 1991, except that recipients who are currently receiving medically necessary services above the limits established under this subdivision may have a reasonable amount of time to arrange for waived services under section 256B.49 or to establish an alternative living arrangement. All current recipients shall be phased down to the limits established under paragraph (b) on or before April 1, 1992.

(e) [ASSESSMENT AND CARE PLAN.] The home care provider shall conduct ~~an~~ initially, and at least annually thereafter, a face-to-face assessment of the recipient and complete a care plan using forms specified by the commissioner. For the recipient to receive, or continue to receive, home care services, the provider must submit evidence necessary for the commissioner to determine the medical necessity of the home care services. The provider shall submit to the commissioner the assessment, the care plan, and other information necessary to determine medical necessity such as diagnostic or testing information, social or medical histories, and hospital or facility discharge summaries. To continue to receive home care services when the recipient displays no significant change, the supervising nurse has the option to review with the commissioner, or the commissioner's designee, the care plan on record and receive authorization for up to an additional 12 months.

(f) [PRIOR AUTHORIZATION.] The commissioner, or the commissioner's designee, shall review the assessment, the care plan, and any additional information that is submitted. The commissioner shall, within 30 days after receiving a complete request, assessment, and care plan, authorize home care services as follows:

(1) [HOME HEALTH SERVICES.] All home health services provided by a nurse or a home health aide that exceed the limits established in paragraph (b) must be prior authorized by the commissioner or the commissioner's designee. Prior authorization must be based on medical necessity and cost-effectiveness when compared with other care options. When home health services are used in combination with personal care and private duty nursing, the cost of all home care services shall be considered for cost-effectiveness. The commissioner shall limit nurse and home health aide visits to no more than one visit each per day.

(2) [PERSONAL CARE SERVICES.] (i) All personal care services must be prior authorized by the commissioner or the commissioner's designee except for the limits on supervision established in paragraph (b). The amount of personal care services authorized must be based on the recipient's ~~ease mix classification according to section 256B.0911, except that~~ home care rating. A child may not be found to be dependent in an activity of daily living if because of the child's age an adult would either perform the activity for the child or assist the child with the activity and the amount of assistance needed is similar to the assistance appropriate for a typical child of the same age. Based on medical necessity, the commissioner may authorize:

(A) up to two times the average number of direct care hours provided in nursing facilities for the recipient's comparable case mix level; or

(B) up to three times the average number of direct care hours provided in nursing facilities for recipients who have complex medical needs or are dependent in at least seven activities of daily living and need physical assistance with eating or have a neurological diagnosis; or

(C) up to 60 percent of the average reimbursement rate, as of July 1, 1991, plus any inflation adjustment provided, for care provided in a regional treatment center for recipients who have ~~complex behaviors~~ Level I behavior; or

(D) up to the amount the commissioner would pay, as of July 1, 1991, plus any inflation adjustment provided, for care provided in a regional treatment center for recipients referred to the commissioner by a regional treatment center preadmission evaluation team. For purposes of this clause, home care services means all services provided in the home or community that would be included in the payment to a regional treatment center; or

(E) up to the amount medical assistance would reimburse for facility care for recipients referred to the commissioner by a preadmission screening team established under section 256B.0911 or 256B.092; and

(F) a reasonable amount of time for the necessary provision of nursing supervision of personal care services.

(ii) The number of direct care hours shall be determined according to the annual cost reports which are report submitted to the department by nursing facilities each year. The average number of direct care hours, as established by May 1, 1992, shall be calculated and incorporated into the home care limits on July 1 each year, 1992. These limits shall be calculated to the nearest quarter hour.

(iii) ~~The ease mix level~~ home care rating shall be determined by the commissioner or the commissioner's designee based on information submitted to the commissioner by the personal care provider on forms specified by the commissioner. ~~The forms~~ home care rating shall be a combination of current assessment tools developed under sections 256B.0911 and 256B.501 with an addition for seizure activity that will assess the frequency and severity of seizure activity and with adjustments, additions, and clarifications that are necessary to reflect the needs and conditions of children and nonelderly adults who need home care. The commissioner shall establish these forms and protocols under this section and shall use the advisory group established in section 256B.04, subdivision 16, for consultation in establishing the forms and protocols by October 1, 1991.

(iv) A recipient shall qualify as having complex medical needs if the care required is difficult to perform and because of recipient's medical condition requires more time than community-based standards allow ~~or the recipient's condition or treatment requires more training or requires more~~ skill than would ordinarily be required and the recipient needs or has one or more of the following:

(A) daily tube feedings;

(B) daily parenteral therapy;

(C) wound or decubiti care;

(D) postural drainage, percussion, nebulizer treatments, suctioning, tracheotomy care, oxygen, mechanical ventilation;

(E) catheterization;

(F) ostomy care;

(G) quadriplegia; or

(H) other comparable medical conditions or treatments the commissioner determines would otherwise require institutional care.

(v) A recipient shall qualify as having complex Level I behavior if there is reasonable supporting evidence that the recipient exhibits on a daily basis, or that without supervision, observation, or redirection would exhibit, one or more of the following behaviors that cause, or have the potential to cause:

(A) ~~self injurious behavior~~ injury to his or her own body;

(B) ~~unusual or repetitive habits~~ physical injury to other people; or

(C) ~~withdrawal behavior;~~

(D) ~~hurtful behavior to others;~~

(E) ~~socially offensive behavior;~~

(F) ~~destruction of property; or~~

(G) ~~a need for constant one to one supervision for self preservation.~~

(vi) ~~The complex behaviors in clauses (A) to (C) have the meanings developed under section 256B.501~~ Time authorized for personal care relating to Level I behavior in subclause (v), items (A) to (C), shall be based on the predictability, frequency, and amount of intervention required.

(vii) A recipient shall qualify as having Level II behavior if the recipient exhibits on a daily basis one or more of the following behaviors that interfere with the completion of personal care services under subdivision 4, paragraph (a):

(A) unusual or repetitive habits;

(B) withdrawn behavior; or

(C) offensive behavior.

(viii) A recipient with a home care rating of Level II behavior in subclause (vii), items (A) to (C), shall be rated as comparable to a recipient with complex medical needs under subclause (iv). If a recipient has both complex medical needs and Level II behavior, the home care rating shall be the next complex category up to the maximum rating under subclause (i), item (B).

(3) [PRIVATE DUTY NURSING SERVICES.] All private duty nursing services shall be prior authorized by the commissioner or the commissioner's designee. Prior authorization for private duty nursing services shall be based on medical necessity and cost-effectiveness when compared with alternative care options. The commissioner may authorize medically necessary private duty nursing services in quarter-hour units when:

(i) the recipient requires more individual and continuous care than can be provided during a nurse visit; or

(ii) the cares are outside of the scope of services that can be provided by a home health aide or personal care assistant.

The commissioner may authorize:

(A) up to two times the average amount of direct care hours provided in nursing facilities statewide for case mix classification "K" as established by the annual cost report submitted to the department by nursing facilities in May 1992;

(B) private duty nursing in combination with other home care services up to the total cost allowed under clause (2);

(C) up to 16 hours per day if the recipient requires more nursing than the maximum number of direct care hours as established in item (A) and the recipient meets the hospital admission criteria established under Minnesota Rules, parts 9505.0500 to 9505.0540.

The commissioner may authorize up to 16 hours per day of private duty nursing services or up to 24 hours per day of private duty nursing services until such time as the commissioner is able to make a determination of eligibility for recipients who are cooperatively applying for home care services under the community alternative care program developed under section 256B.49, or until it is determined by the appropriate regulatory agency that a health benefit plan is or is not required to pay for appropriate medically necessary health care services. Recipients or their representatives must cooperatively assist the commissioner in obtaining this determination. Recipients who are eligible for the community alternative care program may not receive more hours of nursing under this section than would otherwise be authorized under section 256B.49.

(4) [VENTILATOR-DEPENDENT RECIPIENTS.] If the recipient is ventilator-dependent, the monthly medical assistance authorization for home care services shall not exceed what the commissioner would pay for care at the highest cost hospital designated as a long-term hospital under the Medicare program. For purposes of this clause, home care services means all services provided in the home that would be included in the payment for care at the long-term hospital. "Ventilator-dependent" means an individual who receives mechanical ventilation for life support at least six hours per day and is expected to be or has been dependent for at least 30 consecutive days.

(g) [PRIOR AUTHORIZATION; TIME LIMITS.] The commissioner or the commissioner's designee shall determine the time period for which a prior authorization shall ~~remain valid~~ be effective. If the recipient continues to require home care services beyond the duration of the prior authorization, the home care provider must request a new prior authorization through the process described above. Under no circumstances, other than the exceptions in subdivision 5, paragraph (c), shall a prior authorization be valid prior to the date the commissioner receives the request or for more than 12 months. A recipient who appeals a reduction in previously authorized home care services may ~~request that the~~ continue previously authorized services, other than temporary services under paragraph (i), ~~be continued pending an appeal under section 256.045, subdivision 10.~~ The commissioner must provide a detailed explanation of why the authorized services are reduced in amount from those requested by the home care provider.

(h) [APPROVAL OF HOME CARE SERVICES.] The commissioner or the commissioner's designee shall determine the medical necessity of home care services, the level of caregiver according to subdivision 2, and the institutional comparison according to this subdivision, the cost-effectiveness of services, and the amount, scope, and duration of home care services reimbursable by medical assistance, based on the assessment, the care plan, the recipient's age, the cost of services, the recipient's medical condition, and diagnosis or disability. The commissioner may publish additional criteria for determining medical necessity according to section 256B.04.

(i) [PRIOR AUTHORIZATION REQUESTS; TEMPORARY SERVICES.] Providers may request a temporary authorization for home care services by telephone. The commissioner may approve a temporary level of home care services based on the assessment and care plan information provided by an appropriately licensed nurse. Authorization for a temporary level of home care services is limited to the time specified by the commissioner, but shall not exceed ~~30~~ 45 days. The level of services authorized under this provision shall have no bearing on a future prior authorization.

(j) [PRIOR AUTHORIZATION REQUIRED IN FOSTER CARE SETTING.] Home care services provided in an adult or child foster care setting must receive prior authorization by the department according to the limits established in paragraph (b).

The commissioner may not authorize:

(1) home care services that are the responsibility of the foster care provider under the terms of the foster care placement agreement and administrative rules;

(2) personal care services when the foster care license holder is also the personal care provider or personal care assistant unless the recipient can direct the recipient's own care, or case management is provided as required in section 256B.0625, subdivision 19a;

(3) personal care services when the responsible party is an employee of, or under contract with, or has any direct or indirect financial relationship with the personal care provider or personal care assistant, unless case management is provided as required in section 256B.0625, subdivision 19a;

(4) home care services when the number of foster care residents is greater than four unless the county responsible for the recipient's foster placement made the placement prior to April 1, 1992, requests that home care services be provided, and case management is provided as required in section 256B.0625, subdivision 19a; or

(5) home care services when combined with foster care payments, other than room and board payments plus the cost of home- and community-based waived services unless the costs of home care services and waived services are combined and managed under the waiver program, that exceed the total amount that public funds would pay for the recipient's care in a medical institution.

Sec. 54. Minnesota Statutes 1992, section 256B.0628, subdivision 2, is amended to read:

Subd. 2. [~~CONTRACTOR DUTIES.~~] (a) The commissioner may contract with or employ qualified registered nurses and necessary support staff, or contract with qualified agencies, to provide home care prior authorization and review services for medical assistance recipients who are receiving home care services.

(b) Reimbursement for the prior authorization function shall be made through the medical assistance administrative authority. The state shall pay the nonfederal share. ~~The contractor must~~ functions will be to:

(1) assess the recipient's individual need for services required to be cared for safely in the community;

(2) ensure that a care plan that meets the recipient's needs is developed by the appropriate agency or individual;

(3) ensure cost-effectiveness of medical assistance home care services;

(4) ~~recommend to the commissioner~~ the approval or denial of the use of medical assistance funds to pay for home care services when home care services exceed thresholds established by the commissioner under Minnesota Rules, parts 9505.0170 to 9505.0475;

(5) reassess the recipient's need for and level of home care services at a frequency determined by the commissioner; and

(6) conduct on-site assessments when determined necessary by the commissioner and recommend changes to care plans that will provide more efficient and appropriate home care.

(c) In addition, the ~~contractor may be requested by the commissioner to~~ or the commissioner's designee may:

(1) review care plans and reimbursement data for utilization of services that exceed community-based standards for home care, inappropriate home care services, medical necessity, home care services that do not meet quality of care standards, or unauthorized services and make appropriate referrals ~~to the commissioner~~ within the department or to other appropriate entities based on the findings;

(2) assist the recipient in obtaining services necessary to allow the recipient to remain safely in or return to the community;

(3) coordinate home care services with other medical assistance services under section 256B.0625;

(4) assist the recipient with problems related to the provision of home care services; and

(5) assure the quality of home care services.

(d) For the purposes of this section, "home care services" means medical assistance services defined under section 256B.0625, subdivisions 6a, 7, and 19a.

Sec. 55. Minnesota Statutes 1992, section 256B.0629, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE COMMISSIONER.] (a) The commissioner shall periodically:

(1) Recommend to the legislature criteria governing the eligibility of organ and tissue transplant procedures for reimbursement from medical assistance and general assistance medical care. Procedures approved by Medicare are automatically eligible for medical assistance and general assistance medical care reimbursement. Additional procedures are eligible for reimbursement only ~~upon approval by the legislature. Only procedures if they are~~ recommended by both the task force and the commissioner ~~may be considered by the legislature.~~

(2) Recommend to the legislature criteria for certifying transplant centers within and outside of Minnesota where Minnesotans receiving medical assistance and general assistance medical care may obtain transplants. Additional centers may be certified only upon approval of the legislature. Only centers recommended by the task force and the commissioner may be considered by the legislature.

Sec. 56. Minnesota Statutes 1992, section 256B.0911, subdivision 2, is amended to read:

Subd. 2. [PERSONS REQUIRED TO BE SCREENED; EXEMPTIONS.] All applicants to Medicaid certified nursing facilities must be screened prior to admission, regardless of income, assets, or funding sources, except the following:

(1) patients who, having entered acute care facilities from certified nursing facilities, are returning to a certified nursing facility;

(2) residents transferred from other certified nursing facilities;

(3) ~~individuals whose length of stay is expected to be 30 days or less based on a physician's certification, if the facility notifies the screening team prior to admission and provides an update to the screening team on the 30th day after admission;~~

(4) individuals who have a contractual right to have their nursing facility care paid for indefinitely by the veteran's administration; or

~~(5) (4) individuals who are enrolled in the Ebenezer/Group Health social health maintenance organization project at the time of application to a nursing home; or~~

~~(6) individuals who are screened by another state within three months before admission to a certified nursing facility.~~

Regardless of the exemptions in clauses (2) to ~~(6)~~ (4), persons who have a diagnosis or possible diagnosis of mental illness, mental retardation, or a related condition must be screened before admission unless the admission prior to screening is authorized by the local mental health authority or the local developmental disabilities case manager, or unless authorized by the county agency according to Public Law Number 101-508.

~~Persons transferred from an acute care facility to a certified nursing facility may be admitted to the nursing facility before screening, if authorized by the county agency; however, the person must be screened within ten working days after the admission. Before admission to a Medicaid certified nursing home or boarding care home, all persons must be screened and approved for admission through an assessment process. The nursing facility is authorized to conduct case mix assessments which are not conducted by the county public health nurse under Minnesota Rules, part 9549.0059. The designated county agency is responsible for distributing the quality assurance and review form for all new applicants to nursing homes.~~

Other persons who are not applicants to nursing facilities must be screened if a request is made for a screening.

Sec. 57. Minnesota Statutes 1992, section 256B.0911, is amended by adding a subdivision to read:

Subd. 2a. [SCREENING REQUIREMENTS.] Persons may be screened by telephone or in a face-to-face consultation. The screener will identify each individual's needs according to the following categories: (1) needs no face-to-face screening; (2) needs an immediate face-to-face screening interview; or (3) needs a face-to-face screening interview after admission to a certified nursing facility or after a return home. Persons who are not admitted to a Medicaid certified nursing facility must be screened within ten working days after the date of referral. Persons admitted on a nonemergency basis to a Medicaid certified nursing facility must be screened prior to the certified nursing facility admission. Persons admitted to the Medicaid certified nursing facility from the community on an emergency basis or from an acute care facility on a nonworking day must be screened the first working day after admission and the reason for the emergency admission must be certified by the attending physician in the person's medical record.

Sec. 58. Minnesota Statutes 1992, section 256B.0911, subdivision 3, is amended to read:

Subd. 3. [PERSONS RESPONSIBLE FOR CONDUCTING THE PREADMISSION SCREENING.] (a) A local screening team shall be established by the county agency and the county public health nursing service of the local board of health board of commissioners. Each local screening team shall be composed consist of screeners who are a social worker and a public health nurse from their respective county agencies. If a county does not have a public health nurse available, it may request approval from the commissioner to assign a county registered nurse with at least one year experience in home care to participate on the team. Two or more counties may collaborate to establish a joint local screening team or teams.

~~(b) Both members of the team must conduct the screening. However, individuals who are being transferred from an acute care facility to a certified nursing facility and individuals who are admitted to a certified nursing facility on an emergency basis may be screened by only one member of the screening team in consultation with the other member.~~

~~(c) In assessing a person's needs, each screening team screeners shall have a physician available for consultation and shall consider the assessment of the individual's attending physician, if any. The individual's physician shall be included on the screening team if the physician chooses to participate. Other personnel may be included on the team as deemed appropriate by the county agencies.~~

~~(d) If a person who has been screened must be reassessed to assign a case mix classification because admission to a nursing facility occurs later than the time allowed by rule following the initial screening and assessment, the reassessment may be completed by the public health nurse member of the screening team.~~

Sec. 59. Minnesota Statutes 1992, section 256B.0911, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE COUNTY AGENCY AND THE SCREENING TEAM.] (a) The county agency shall:

(1) provide information and education to the general public regarding availability of the preadmission screening program;

(2) accept referrals from individuals, families, human service and health professionals, and hospital and nursing facility personnel;

(3) assess the health, psychological, and social needs of referred individuals and identify services needed to maintain these persons in the least restrictive environments;

(4) determine if the individual screened needs nursing facility level of care;

(5) assess active ~~treatment~~ specialized service needs in cooperation with based upon an evaluation by:

(i) a qualified independent mental health professional for persons with a primary or secondary diagnosis of a serious mental illness; and

(ii) a qualified mental retardation professional for persons with a primary or secondary diagnosis of mental retardation or related conditions. For purposes of this clause, a qualified mental retardation professional must meet the standards for a qualified mental retardation professional in Code of Federal Regulations, title 42, section 483.430;

(6) make recommendations for individuals screened regarding cost-effective community services which are available to the individual;

(7) make recommendations for individuals screened regarding nursing home placement when there are no cost-effective community services available;

(8) develop an individual's community care plan and provide follow-up services as needed; and

(9) prepare and submit reports that may be required by the commissioner of human services.

~~The county agency may determine in cooperation with the local board of health that the public health nursing agency of the local board of health is the lead agency which is responsible for all of the activities above except clause (5).~~

(b) The ~~screening team~~ screeener shall document that the most cost-effective alternatives available were offered to the individual or the individual's legal representative. For purposes of this section, "cost-effective alternatives" means community services and living arrangements that cost the same or less than nursing facility care.

~~The screening shall be conducted within ten working days after the date of referral or, for those approved for transfer from an acute care facility to a certified nursing facility, within ten working days after admission to the nursing facility.~~

(c) For persons who are eligible for medical assistance or who would be eligible within 180 days of admission to a nursing facility and who are admitted to a nursing facility, the nursing facility must include ~~the screening team~~ a screeener or the case manager in the discharge planning process for those individuals who the team has determined have discharge potential. The ~~screening team~~ screeener or the case manager must ensure a smooth transition and follow-up for the individual's return to the community.

~~Local screening teams~~ Screeners shall cooperate with other public and private agencies in the community, in order to offer a variety of cost-effective services to the disabled and elderly. The ~~screening team~~ screeners shall encourage the use of volunteers from families, religious organizations, social clubs, and similar civic and service organizations to provide services.

Sec. 60. Minnesota Statutes 1992, section 256B.0911, subdivision 6, is amended to read:

Subd. 6. [REIMBURSEMENT PAYMENT FOR PREADMISSION SCREENING.] (a) The total screening ~~cost~~ payment for each county must be paid monthly by certified nursing facilities in the county. The monthly amount to be paid by each nursing facility for each fiscal year must be determined by dividing the county's ~~estimate of the total annual cost of allocation for screenings allowed in the county for the following rate year~~ by 12 to determine the monthly ~~cost estimate~~ payment and allocating the monthly ~~cost estimate~~ payment to each nursing facility based on the number of licensed beds in the nursing facility.

~~(b) The rate allowed for a screening where two team members are present shall be the actual costs up to \$195. The rate allowed for a screening where only one team member is present shall be the actual costs up to \$117. Annually on July 1, the commissioner shall adjust the rate up to the percentage change forecast in the fourth quarter of the prior calendar year by the Home Health Agency Market Basket of Operating Costs, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs is published by Data Resources, Inc.~~

~~(c) The monthly cost estimate for each certified nursing facility must be submitted to the state by the county no later than February 15 of each year for inclusion in the nursing facility's payment rate on the following rate year. The commissioner shall include the reported annual estimated cost of screenings for each nursing facility as an operating cost of that nursing facility in accordance with section 256B.431, subdivision 2b, paragraph (g). The monthly cost estimates approved by the commissioner must be sent to the nursing facility by the county no later than April 15 of each year.~~

~~(d) If in more than ten percent of the total number of screenings performed by a county in a fiscal year for all individuals regardless of payment source, the screening timelines were not met because a county was late in screening the individual, the county is solely responsible for paying the cost of those delayed screenings that exceed ten percent.~~

(b) Payments for screening activities are available to the county or counties to cover staff salaries and expenses to provide the screening function. The lead agency shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to conduct the preadmission screening activity while meeting the state's long-term care outcomes and objectives as defined in section 256B.0917, subdivision 1. The local agency shall be accountable for meeting local objectives as approved by the commissioner in the CSSA biennial plan.

~~(e) (c) Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility.~~

~~(f) (d) The commissioner of human services shall amend the Minnesota medical assistance plan to include reimbursement for the local screening teams.~~

Sec. 61. Minnesota Statutes 1992, section 256B.0911, subdivision 7, is amended to read:

Subd. 7. [REIMBURSEMENT FOR CERTIFIED NURSING FACILITIES.] (a) Medical assistance reimbursement for nursing facilities shall be authorized for a medical assistance recipient only if a preadmission screening has been conducted prior to admission or the local county agency has authorized an exemption. Medical assistance reimbursement for nursing facilities shall not be provided for any recipient who the local ~~screening team~~ screeener has determined does not meet the level of care criteria for nursing facility placement or, if indicated, has not had a level II PASARR evaluation completed unless an admission for a recipient with mental illness is approved by the local mental health authority or an admission for a recipient with mental retardation or related condition is approved by the state mental retardation authority. The commissioner shall make a request to the health care financing administration for a waiver allowing screening team approval of Medicaid payments for certified nursing facility care. An individual has a choice and makes the final decision between nursing facility placement and community placement after the screening team's recommendation, except as provided in paragraphs (b) and (c). ~~However,~~

(b) The local county mental health authority or the local state mental retardation authority under Public Law Numbers 100-203 and 101-508 may prohibit admission to a nursing facility, if the individual does not meet the nursing facility level of care criteria or ~~does need active treatment~~ needs specialized services as defined in Public Law Numbers 100-203 and 101-508. For purposes of this section, "specialized services" for a person with mental retardation or a related condition means "active treatment" as that term is defined in Code of Federal Regulations, title 42, section 483.440(a)(1).

(c) Upon the receipt by the commissioner of approval by the secretary of health and human services of the waiver requested under paragraph (a), the local screener shall deny medical assistance reimbursement for nursing facility care for an individual whose long-term care needs can be met in a community-based setting and whose cost of community-based home care services is less than 75 percent of the average payment for nursing facility care for that individual's case mix classification, and who is either:

- (i) a current medical assistance recipient being screened for admission to a nursing facility; or
- (ii) an individual who would be eligible for medical assistance within 180 days of entering a nursing facility and who meets a nursing facility level of care.

(d) Appeals from the screening team's recommendation or the county agency's final decision shall be made according to section 256.045, subdivision 3.

Sec. 62. Minnesota Statutes 1992, section 256B.0913, subdivision 4, is amended to read:

Subd. 4. [ELIGIBILITY FOR FUNDING FOR SERVICES FOR NONMEDICAL ASSISTANCE RECIPIENTS.] (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person has been screened by the county screening team or, if previously screened and served under the alternative care program, assessed by the local county social worker or public health nurse;

(2) the person is age 65 or older;

(3) the person would be financially eligible for medical assistance within 180 days of admission to a nursing facility;

(4) the person meets the asset transfer requirements of the medical assistance program;

(5) the screening team would recommend nursing facility admission or continued stay for the person if alternative care services were not available;

(5) (6) the person needs services that are not available at that time in the county through other county, state, or federal funding sources; and

(6) (7) the monthly cost of the alternative care services funded by the program for this person does not exceed 75 percent of the statewide average monthly medical assistance payment for nursing facility care at the individual's case mix classification to which the individual would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059.

(b) Individuals who meet the criteria in paragraph (a) and who have been approved for alternative care funding are called 180-day eligible clients.

(c) The statewide average payment for nursing facility care is the statewide average monthly nursing facility rate in effect on July 1 of the fiscal year in which the cost is incurred, less the statewide average monthly income of nursing facility residents who are age 65 or older and who are medical assistance recipients in the month of March of the previous fiscal year. This monthly limit does not prohibit the 180-day eligible client from paying for additional services needed or desired.

(d) In determining the total costs of alternative care services for one month, the costs of all services funded by the alternative care program, including supplies and equipment, must be included.

(e) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spend-down if the person applied, unless authorized by the commissioner. ~~The commissioner may authorize alternative care money to be used to meet a portion of a medical assistance income spend-down for persons residing in adult foster care who would otherwise be served under the alternative care program. The alternative care payment is limited to the difference between the recipient's negotiated foster care room and board rate and the medical assistance income standard for one elderly person plus the medical assistance personal needs allowance for a person residing in a long-term care facility. A person whose application for medical assistance is being processed may be served under the alternative care program for a period up to 60 days. If the individual is found to be eligible for medical assistance, the county must bill medical assistance retroactive to from the date of eligibility the individual was found eligible for the medical assistance services provided that are reimbursable under the elderly waiver program.~~

(f) Alternative care funding is not available for a person who resides in a licensed nursing home or boarding care home, except for case management services which are being provided in support of the discharge planning process.

Sec. 63. Minnesota Statutes 1992, section 256B.0913, subdivision 5, is amended to read:

Subd. 5. [SERVICES COVERED UNDER ALTERNATIVE CARE.] (a) Alternative care funding may be used for payment of costs of:

- (1) adult foster care;
- (2) adult day care;
- (3) home health aide;
- (4) homemaker services;
- (5) personal care;
- (6) case management;
- (7) respite care;
- (8) assisted living; ~~and~~
- (9) residential care services;
- (10) care-related supplies and equipment;

~~(b) The county agency may use up to ten percent of the annual allocation of alternative care funding for payment of costs of~~

- (11) meals delivered to the home;
- (12) transportation;
- (13) skilled nursing;
- (14) chore services;
- (15) companion services;
- (16) nutrition services; and
- (17) training for direct informal caregivers.

~~The commissioner shall determine the impact on alternative care costs of allowing these additional services to be provided and shall report the findings to the legislature by February 15, 1993, including any recommendations regarding provision of the additional services.~~

(e) ~~(b)~~ The county agency must ensure that the funds are used only to supplement and not supplant services available through other public assistance or services programs.

~~(d) These services must be provided by a licensed provider, a home health agency certified for reimbursement under Titles XVIII and XIX of the Social Security Act, or by (c) Unless specified in statute, the service standards for alternative care services shall be the same as the service standards defined in the elderly waiver. Persons or agencies must be employed by or contracted under a contract with the county agency or the public health nursing agency of the local board of health in order to receive funding under the alternative care program.~~

(e) ~~(d)~~ The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board. The adult foster care daily rate shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed 75 percent of the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, and it must allow for other alternative care services to be authorized by the case manager.

(f) (e) Personal care services may be provided by a personal care provider organization. A county agency may contract with a relative of the client to provide personal care services, but must ensure nursing supervision. Covered personal care services defined in section 256B.0627, subdivision 4, must meet applicable standards in Minnesota Rules, part 9505.0335.

(g) (f) Costs for supplies and equipment that exceed \$150 per item per month must have prior approval from the commissioner. A county may use alternative care funds to purchase supplies and equipment from a non-Medicaid certified vendor if the cost for the items is less than that of a Medicaid vendor.

(g) For purposes of this section, residential care services are services which are provided to individuals living in residential care homes. Residential care homes are currently licensed as board and lodging establishments and are registered with the department of health as providing special services. Residential care services are defined as "supportive services" and "health-related services." "Supportive services" means the provision of up to 24-hour supervision and oversight. Supportive services includes: (1) transportation, when provided by the residential care center only; (2) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature; (3) assisting clients in setting up meetings and appointments; (4) assisting clients in setting up medical and social services; (5) providing assistance with personal laundry, such as carrying the client's laundry to the laundry room. Assistance with personal laundry does not include any laundry, such as bed linen, that is included in the room and board rate. Health-related services are limited to minimal assistance with dressing, grooming, and bathing and providing reminders to residents to take medications that are self-administered or providing storage for medications, if requested. Individuals receiving residential care services cannot receive both personal care services and residential care services.

(h) For the purposes of this section, "assisted living" refers to supportive services provided by a single vendor to two or more alternative care clients who reside in the same apartment building of ten three or more units. These services may include care coordination, the costs of preparing one or more nutritionally balanced meals per day, general oversight, and other supportive services which the vendor is licensed to provide according to sections 144A.43 to 144A.49, and which would otherwise be available to individual alternative care clients. Reimbursement from the lead agency shall be made to the vendor as a monthly capitated rate negotiated with the county agency. The capitated rate shall not exceed the state share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059. The capitated rate may not cover rent and direct food costs. Assisted living services are defined as up to 24-hour supervision, and oversight, supportive services as defined in clause (1), individualized home care aide tasks as defined in clause (2), and individualized home management tasks as defined in clause (3) provided to residents of a residential center living in their units or apartments with a full kitchen and bathroom. A full kitchen includes a stove, oven, refrigerator, food preparation counter space, and a kitchen utensil storage compartment. Assisted living services must be provided by the management of the residential center or by providers under contract with the management or with the county.

(1) Supportive services include:

(i) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature;

(ii) assisting clients in setting up meetings and appointments; and

(iii) providing transportation, when provided by the residential center only.

Individuals receiving assisted living services will not receive both assisted living services and homemaking or personal care services. Individualized means services are chosen and designed specifically for each resident's needs, rather than provided or offered to all residents regardless of their illnesses, disabilities, or physical conditions.

(2) Home care aide tasks means:

(i) preparing modified diets, such as diabetic or low sodium diets;

(ii) reminding residents to take regularly scheduled medications or to perform exercises;

(iii) household chores in the presence of technically sophisticated medical equipment or episodes of acute illness or infectious disease;

(iv) household chores when the resident's care requires the prevention of exposure to infectious disease or containment of infectious disease; and

(v) assisting with dressing, oral hygiene, hair care, grooming, and bathing, if the resident is ambulatory, and if the resident has no serious acute illness or infectious disease. Oral hygiene means care of teeth, gums, and oral prosthetic devices.

(3) Home management tasks means:

(i) housekeeping;

(ii) laundry;

(iii) preparation of regular snacks and meals; and

(iv) shopping.

A person's eligibility to reside in the building must not be contingent on the person's acceptance or use of the assisted living services. Assisted living services as defined in this section shall not be authorized in boarding and lodging establishments licensed according to sections 157.01 to 157.031.

Reimbursement for assisted living services and residential care services shall be made by the lead agency to the vendor as a monthly rate negotiated with the county agency. The rate shall not exceed the nonfederal share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, except for alternative care assisted living projects established under chapter 256 whose rates may not exceed 65 percent of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059. The rate may not cover rent and direct food costs.

(i) For purposes of this section, companion services are defined as nonmedical care, supervision and oversight, provided to a functionally impaired adult. Companions may assist the individual with such tasks as meal preparation, laundry and shopping, but do not perform these activities as discrete services. The provision of companion services does not entail hands-on medical care. Providers may also perform light housekeeping tasks which are incidental to the care and supervision of the recipient. This service must be approved by the case manager as part of the care plan. Companion services must be provided by individuals or nonprofit organizations who are under contract with the local agency to provide the service. Any person related to the waiver recipient by blood, marriage or adoption cannot be reimbursed under this service. Persons providing companion services will be monitored by the case manager.

(j) For purposes of this section, training for direct informal caregivers is defined as a classroom or home course of instruction which may include: transfer and lifting skills, nutrition, personal and physical cares, home safety in a home environment, stress reduction and management, behavioral management, long-term care decision making, care coordination and family dynamics. The training is provided to an informal unpaid caregiver of a 180-day eligible client which enables the caregiver to deliver care in a home setting with high levels of quality. The training must be approved by the case manager as part of the individual care plan. Individuals, agencies, and educational facilities which provide caregiver training and education will be monitored by the case manager.

Sec. 64. Minnesota Statutes 1992, section 256B.0913, subdivision 9, is amended to read:

Subd. 9. [CONTRACTING PROVISIONS FOR PROVIDERS.] The lead agency shall document to the commissioner that the agency made reasonable efforts to inform potential providers of the anticipated need for services under the alternative care program or waiver programs under sections 256B.0915 and 256B.49, including a minimum of 14 days' written advance notice of the opportunity to be selected as a service provider and an annual public meeting with providers to explain and review the criteria for selection. The lead agency shall also document to the commissioner that the agency allowed potential providers an opportunity to be selected to contract with the county agency. Funds reimbursed to counties under this subdivision are subject to audit by the commissioner for fiscal and utilization control.

The lead agency must select providers for contracts or agreements using the following criteria and other criteria established by the county:

- (1) the need for the particular services offered by the provider;
- (2) the population to be served, including the number of clients, the length of time services will be provided, and the medical condition of clients;
- (3) the geographic area to be served;
- (4) quality assurance methods, including appropriate licensure, certification, or standards, and supervision of employees when needed;
- (5) rates for each service and unit of service exclusive of county administrative costs;
- (6) evaluation of services previously delivered by the provider; and
- (7) contract or agreement conditions, including billing requirements, cancellation, and indemnification.

The county must evaluate its own agency services under the criteria established for other providers. The county shall provide a written statement of the reasons for not selecting providers.

Sec. 65. Minnesota Statutes 1992, section 256B.0913, subdivision 12, is amended to read:

Subd. 12. [CLIENT PREMIUMS.] (a) A premium is required for all 180-day eligible clients to help pay for the cost of participating in the program. The amount of the premium for the alternative care client shall be determined as follows:

(1) when the alternative care client's gross income less recurring and predictable medical expenses is greater than the medical assistance income standard but less than 150 percent of the federal poverty guideline, and total assets are less than \$6,000, the fee is zero;

(2) when the alternative care client's gross income less recurring and predictable medical expenses is greater than 150 percent of the federal poverty guideline and total assets are less than \$6,000, the fee is 25 percent of the cost of alternative care services or the difference between 150 percent of the federal poverty guideline and the client's gross income less recurring and predictable medical expenses, whichever is less; and

(3) when the alternative care client's total assets are greater than \$6,000, the fee is 25 percent of the cost of alternative care services.

For married persons, total assets are defined as the total marital assets less the estimated community spouse asset allowance, under section 256B.059, if applicable. For married persons, total income is defined as the client's income less the monthly spousal allotment, under section 256B.058.

All alternative care services except case management shall be included in the estimated costs for the purpose of determining 25 percent of the costs.

The monthly premium shall be calculated and be payable in the month in which the alternative care services begin and shall continue unaltered for six months until the semiannual reassessment unless the actual cost of services falls below the fee.

(b) The fee shall be waived by the commissioner when:

- (1) a person who is residing in a nursing facility is receiving case management only;
- (2) a person is applying for medical assistance;
- (3) a married couple is requesting an asset assessment under the spousal impoverishment provisions;
- (4) a person is a medical assistance recipient, but has been approved for alternative care-funded assisted living services;

(5) a person is found eligible for alternative care, but is not yet receiving alternative care services;

(6) a person is an adult foster care resident for whom alternative care funds are being used to meet a portion of the person's medical assistance spend-down, as authorized in subdivision 4; and

(7) a person's fee under paragraph (a) is less than \$25.

(c) The county agency must collect the premium from the client and forward the amounts collected to the commissioner in the manner and at the times prescribed by the commissioner. Money collected must be deposited in the general fund and is appropriated to the commissioner for the alternative care program. The client must supply the county with the client's social security number at the time of application. If a client fails or refuses to pay the premium due, the county shall supply the commissioner with the client's social security number and other information the commissioner requires to collect the premium from the client. The commissioner shall collect unpaid premiums using the revenue recapture act in chapter 270A and other methods available to the commissioner. The commissioner may require counties to inform clients of the collection procedures that may be used by the state if a premium is not paid.

(d) The commissioner shall begin to adopt emergency or permanent rules governing client premiums within 30 days after July 1, 1991, including criteria for determining when services to a client must be terminated due to failure to pay a premium.

Sec. 66. Minnesota Statutes 1992, section 256B.0913, subdivision 13, is amended to read:

Subd. 13. ~~[COUNTY ALTERNATIVE CARE BIENNIAL PLAN.] The commissioner shall establish by rule, in accordance with chapter 14, procedures for the submittal and approval of a biennial county plan for the administration of the alternative care program and the coordination with other planning processes for the older adult. In addition to the procedures in rule, The county biennial plan for the preadmission screening program, the alternative care program, waivers for the elderly under section 256B.0915, and waivers for the disabled under section 256B.49, shall be incorporated into the biennial community social services act plan and shall meet the regulations and timelines of that plan. This county biennial plan shall also include:~~

(1) information on the administration of the preadmission screening program;

(2) information on the administration of the home- and community-based services waivers for the elderly under section 256B.0915, and for the disabled under section 256B.49; and

(3) ~~an application for targeted funds under subdivision 11; and~~

(4) ~~an optional notice of intent to apply to participate in the long term care projects under section 256B.0917 information on the administration of the alternative care program.~~

Sec. 67. Minnesota Statutes 1992, section 256B.0913, subdivision 14, is amended to read:

Subd. 14. [REIMBURSEMENT AND RATE ADJUSTMENTS.] (a) Reimbursement for expenditures for the alternative care services shall be through the invoice processing procedures of the department's Medicaid Management Information System (MMIS), only with the approval of the client's case manager. To receive reimbursement, the county or vendor must submit invoices within 120 days following the month of service. The county agency and its vendors under contract shall not be reimbursed for services which exceed the county allocation.

(b) If a county collects less than 50 percent of the client premiums due under subdivision 12, the commissioner may withhold up to three percent of the county's final alternative care program allocation determined under subdivisions 10 and 11.

(c) Beginning July 1, 1991, the state will reimburse counties, up to the limits of state appropriations, according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on or after January 1, 1991, for individuals who would be eligible for medical assistance within 180 days of admission to a nursing home.

(d) For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for alternative care services. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in reimbursement rates for alternative care services based on the forecasted percentage change in the Home Health Agency Market Basket of Operating Costs, for the fiscal year beginning July 1, compared to the previous fiscal year, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs is published by Data Resources, Inc. The forecast to be used is the one published for the calendar quarter beginning January 1, six months prior to the beginning of the fiscal year for which rates are set.

(e) The county shall negotiate individual rates with vendors and may be reimbursed for actual costs up to the greater of the county's current approved rate or 60 percent of the maximum rate in fiscal year 1994 and 65 percent of the maximum rate in fiscal year 1995 for each alternative care service. Notwithstanding any other rule or statutory provision to the contrary, the commissioner shall not be authorized to increase rates by an annual inflation factor, unless so authorized by the legislature.

(f) On July 1, 1993, the commissioner shall increase the maximum rate for home delivered meals to \$4.50 per meal.

Sec. 68. Minnesota Statutes 1992, section 256B.0915, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The commissioner is authorized to apply for a home- and community-based services waiver for the elderly, authorized under section 1915(c) of the Social Security Act, in order to obtain federal financial participation to expand the availability of services for persons who are eligible for medical assistance. The commissioner may apply for additional waivers or pursue other federal financial participation which is advantageous to the state for funding home care services for the frail elderly who are eligible for medical assistance. The provision of waived services to elderly and disabled medical assistance recipients must comply with the criteria approved in the waiver.

Sec. 69. Minnesota Statutes 1992, section 256B.0915, is amended by adding a subdivision to read:

Subd. 1a. [ELDERLY WAIVER CASE MANAGEMENT SERVICES.] Elderly case management services under the home and community-based services waiver for elderly individuals are available from providers meeting qualification requirements and the standards specified in subdivision 1b. Eligible recipients may choose any qualified provider of elderly case management services.

Sec. 70. Minnesota Statutes 1992, section 256B.0915, is amended by adding a subdivision to read:

Subd. 1b. [PROVIDER QUALIFICATIONS AND STANDARDS.] The commissioner must enroll qualified providers of elderly case management services under the home and community-based waiver for the elderly under section 1915(c) of the Social Security Act. The enrollment process shall ensure the provider's ability to meet the qualification requirements and standards in this subdivision and other federal and state requirements of this service. A elderly case management provider is an enrolled medical assistance provider who is determined by the commissioner to have all of the following characteristics:

- (1) the legal authority for alternative care program administration under section 256B.0913;
- (2) the demonstrated capacity and experience to provide the components of case management to coordinate and link community resources needed by the eligible population;
- (3) administrative capacity and experience in serving the target population for whom it will provide services and in ensuring quality of services under state and federal requirements;
- (4) the legal authority to provide preadmission screening under section 256B.0911, subdivision 4;
- (5) a financial management system that provides accurate documentation of services and costs under state and federal requirements; and
- (6) the capacity to document and maintain individual case records under state and federal requirements.

Sec. 71. Minnesota Statutes 1992, section 256B.0915, is amended by adding a subdivision to read:

Subd. 1c. [CASE MANAGEMENT ACTIVITIES UNDER THE STATE PLAN.] The commissioner shall seek an amendment to the home and community-based services waiver for the elderly to implement the provisions of subdivisions 1a and 1b. If the commissioner is unable to secure the approval of the secretary of health and human services for the requested waiver amendment by December 31, 1993, the commissioner shall amend the medical assistance state plan to provide that case management provided under the home and community-based services waiver for the elderly is performed by counties as an administrative function for the proper and effective administration of the state medical assistance plan. Notwithstanding section 256.025, subdivision 3, the state shall reimburse counties for the nonfederal share of costs for case management performed as an administrative function under the home and community-based services waiver for the elderly.

Sec. 72. Minnesota Statutes 1992, section 256B.0915, subdivision 3, is amended to read:

Subd. 3. [LIMITS OF CASES, RATES, REIMBURSEMENT, AND FORECASTING.] (a) The number of medical assistance waiver recipients that a county may serve must be allocated according to the number of medical assistance waiver cases open on July 1 of each fiscal year. Additional recipients may be served with the approval of the commissioner.

(b) The monthly limit for the cost of waived services to an individual waiver client shall be the statewide average payment rate of the case mix resident class to which the waiver client would be assigned under medical assistance case mix reimbursement system. The statewide average payment rate is calculated by determining the statewide average monthly nursing home rate effective July 1 of the fiscal year in which the cost is incurred, less the statewide average monthly income of nursing home residents who are age 65 or older, and who are medical assistance recipients in the month of March of the previous state fiscal year. The following costs must be included in determining the total monthly costs for the waiver client:

- (1) cost of all waived services, including extended medical supplies and equipment; and
- (2) cost of skilled nursing, home health aide, and personal care services reimbursable by medical assistance.

(c) Medical assistance funding for skilled nursing services, home health aide, and personal care services for waiver recipients must be approved by the case manager and included in the individual care plan.

(d) Expenditures for extended medical supplies and equipment that cost over \$150 per month for both the elderly waiver and the disabled waiver must have the commissioner's prior approval.

(e) For the fiscal year beginning on July 1, 1993, and for subsequent fiscal years, the commissioner of human services shall not provide automatic annual inflation adjustments for home- and community-based waived services. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in reimbursement rates for home- and community-based waived services, based on the forecasted percentage change in the Home Health Agency Market Basket of Operating Costs, for the fiscal year beginning July 1, compared to the previous fiscal year, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs is published by Data Resources, Inc. The forecast to be used is the one published for the calendar quarter beginning January 1, six months prior to the beginning of the fiscal year for which rates are set. The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board.

(f) The adult foster care daily rate for the elderly and disabled waivers shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, and it must allow for other waiver and medical assistance home care services to be authorized by the case manager.

(g) The assisted living and residential care service rates for elderly and disabled waivers shall be made to the vendor as a monthly rate negotiated with the county agency. The rate shall not exceed the nonfederal share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the elderly or disabled client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059. The rate may not cover direct rent or food costs.

(h) The county shall negotiate individual rates with vendors and may be reimbursed for actual costs up to the greater of the county's current approved rate or 60 percent of the maximum rate in fiscal year 1994 and 65 percent of the maximum rate in fiscal year 1995 for each service within each program.

(i) On July 1, 1993, the commissioner shall increase the maximum rate for home-delivered meals to \$4.50 per meal.

~~(f)~~ (j) Reimbursement for the medical assistance recipients under the approved waiver shall be made from the medical assistance account through the invoice processing procedures of the department's Medicaid Management Information System (MMIS), only with the approval of the client's case manager. The budget for the state share of the Medicaid expenditures shall be forecasted with the medical assistance budget, and shall be consistent with the approved waiver.

~~(g)~~ (k) Beginning July 1, 1991, the state shall reimburse counties according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on or after January 1, 1991, for individuals who are receiving medical assistance.

Sec. 73. Minnesota Statutes 1992, section 256B.0917, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE, MISSION, GOALS, AND OBJECTIVES.] (a) The purpose of implementing seniors' agenda for independent living (SAIL) projects under this section is to demonstrate a new cooperative strategy for the long-term care system in the state of Minnesota.

The projects are part of the initial ~~biennial~~ plan for a 20-year strategy. The mission of the 20-year strategy is to create a new community-based care paradigm for long-term care in Minnesota in order to maximize independence of the older adult population, and to ensure cost-effective use of financial and human resources. The goals for the 20-year strategy are to:

- (1) achieve a broad awareness and use of low-cost home care and other residential alternatives to nursing homes;
- (2) develop a statewide system of information and assistance to enable easy access to long-term care services;
- (3) develop sufficient alternatives to nursing homes to serve the increased number of people needing long-term care;
- (4) maintain the moratorium on new construction of nursing home beds and to lower the percentage of elderly persons served in institutional settings; and
- (5) build a community-based approach and community commitment to delivering long-term care services for elderly persons in their homes.

(b) The objective for the fiscal years ~~1992 1994~~ and ~~1993 1995~~ biennial plan is to ~~implement~~ continue at least four but not more than six projects in anticipation of a statewide program. These projects will ~~begin~~ continue the process of implementing: (1) a coordinated planning and administrative process; (2) a refocused function of the preadmission screening program; (3) the development of additional home, community, and residential alternatives to nursing homes; (4) a program to support the informal caregivers for elderly persons; (5) programs to strengthen the use of volunteers; and (6) programs to support the building of community commitment to provide long-term care for elderly persons.

This is done in conjunction with an expanded role of the interagency long-term care planning committee as described in section 144A.31. The services offered through these projects will be available to those who have their own funds to pay for services, as well as to persons who are eligible for medical assistance and to persons who are 180-day eligible clients to the extent authorized in this section.

Sec. 74. Minnesota Statutes 1992, section 256B.0917, subdivision 2, is amended to read:

Subd. 2. [DESIGN OF SAIL PROJECTS; LOCAL LONG-TERM CARE COORDINATING TEAM.] (a) The commissioner of human services in conjunction with the interagency long-term care planning committee's long-range strategic plan shall ~~establish~~ contract with SAIL projects in four to six counties or groups of counties to demonstrate the feasibility and cost-effectiveness of a local long-term care strategy that is consistent with the state's long-term care goals identified in subdivision 1. The commissioner shall publish a notice in the State Register announcing the availability of project funding and giving instructions for making an application. The instructions for the application shall identify the amount of funding available for project components.

(b) To be selected for the project, a county board or boards must establish a long-term care coordinating team consisting of county social service agencies, public health nursing service agencies, local boards of health, and the area agencies on aging in a geographic area which is responsible for:

(1) developing a local long-term care strategy consistent with state goals and objectives;

(2) submitting an application to be selected as a project;

(3) coordinating planning for funds to provide services to elderly persons, including funds received under Title III of the Older Americans Act, Community Social Services Act, Title XX of the Social Security Act and the Local Public Health Act; and

(4) ensuring efficient services provision and nonduplication of funding.

(c) The board or boards shall designate a public agency to serve as the lead agency. The lead agency receives and manages the project funds from the state and is responsible for the implementation of the local strategy. If selected as a project, the local long-term care coordinating team must semiannually evaluate the progress of the local long-term care strategy in meeting state measures of performance and results as established in the contract.

(d) Each member of the local coordinating team must indicate its endorsement of the local strategy. The local long-term care coordinating team may include in its membership other units of government which provide funding for services to the frail elderly. The team must cooperate with consumers and other public and private agencies, including nursing homes, in the geographic area in order to develop and offer a variety of cost-effective services to the elderly and their caregivers.

(e) The board or boards shall apply to be selected as a project. If the project is selected, the commissioner of human services shall contract with the lead agency for the project and shall provide additional administrative funds for implementing the provisions of the contract, within the appropriation available for this purpose.

(f) Projects shall be selected according to the following conditions:

(1) No project may be selected unless it demonstrates that:

(i) the objectives of the local project will help to achieve the state's long-term care goals as defined in subdivision 1;

(ii) in the case of a project submitted jointly by several counties, all of the participating counties are contiguous;

(iii) there is a designated local lead agency that is empowered to make contracts with the state and local vendors on behalf of all participants;

(iv) the project proposal demonstrates that the local cooperating agencies have the ability to perform the project as described and that the implementation of the project has a reasonable chance of achieving its objectives;

(v) the project will serve an area that covers at least four counties or contains at least 2,500 persons who are 85 years of age or older, according to the projections of the state demographer or the census if the data is more recent; and

(vi) the local coordinating team documents efforts of cooperation with consumers and other agencies and organizations, both public and private, in planning for service delivery.

(2) If only two projects are selected, at least one of them must be from a metropolitan statistical area as determined by the United States Census Bureau; if three or four projects are selected, at least one but not more than two projects must be from a metropolitan statistical area; and if more than four projects are selected, at least two but not more than three projects must be from a metropolitan statistical area.

(3) Counties or groups of counties that submit a proposal for a project shall be assigned to types defined by institutional utilization rate and population growth rate in the following manner:

(i) Each county or group of counties shall be measured by the utilization rate of nursing homes and boarding care homes and by the projected growth rate of its population aged 85 and over between 1990 and 2000. For the purposes of this section, "utilization rate" means the proportion of the seniors aged 65 or older in the county or group of counties who reside in a licensed nursing home or boarding care home as determined by the most recent census of residents available from the department of health and the population estimates of the state demographer or the census, whichever is more recent. The "projected growth rate" is the rate of change in the county or group of counties of the population group aged 85 or older between 1990 and 2000 according to the projections of the state demographer.

(ii) The institutional utilization rate of a county or group of counties shall be converted to a category by assigning a "high utilization" category if the rate is above the median rate of all counties, and a "low utilization" category otherwise. The projected growth rate of a county or group of counties shall be converted to a category by assigning a score of "high growth" category if the rate is above the median rate of all counties, and a "low growth" category otherwise.

(iii) Types of areas shall be defined by the four combinations of the scores defined in item (ii): type 1 is low utilization—high growth, type 2 is high utilization—high growth, type 3 is high utilization—low growth, and type 4 is low utilization—low growth. Each county or group of counties making a proposal shall be assigned to one of these types.

(4) Projects shall be selected from each of the types in the order that the types are listed in paragraph (3), item (iii), with available funding allocated to projects until it is exhausted, with no more than 30 percent of available funding allocated to any one project. Available funding includes state administrative funds which have been appropriated for screening functions in subdivision 4, paragraph (b), clause (3), and for service developers and incentive grants in subdivision 5.

(5) If more than one county or group of counties within one of the types defined by paragraph (3) proposes a special project that meets all of the other conditions in paragraphs (1) and (2), the project that demonstrates the most cost effective proposals in terms of the number of nursing home placements that can be expected to be diverted or converted to alternative care services per unit of cost shall be selected.

(6) If more than one county applies for a specific project under this subdivision, all participating county boards must indicate intent to work cooperatively through individual board resolutions or a joint powers agreement.

Sec. 75. Minnesota Statutes 1992, section 256B.0917, subdivision 3, is amended to read:

Subd. 3. [LOCAL LONG-TERM CARE STRATEGY.] The local long-term care strategy must list performance outcomes and indicators which meet the state's objectives. The local strategy must provide for:

(1) accessible information, assessment, and preadmission screening activities as described in subdivision 4;

(2) an application for expansion increase in numbers of alternative care targeted funds clients served under section 256B.0913, for serving 180 day eligible clients, including those who are relocated from nursing homes, which results in a reduction of the medical assistance nursing home caseload; and

(3) the development of additional services such as adult family foster care homes; family adult day care; assisted living projects and congregate housing service projects in apartment buildings; expanded home care services for evenings and weekends; expanded volunteer services; and caregiver support and respite care projects.

The county or groups of counties selected for the projects shall be required to comply with federal regulations, alternative care funding policies in section 256B.0913, and the federal waiver programs' policies in section 256B.0915. The requirements for preadmission screening as are defined in section 256B.0911, subdivisions 1 to 6, are waived for those counties selected as part of a long term care strategy project. For persons who are eligible for medical assistance or who are 180 day eligible clients and who are screened after nursing facility admission, the nursing facility must include a screener in the discharge planning process for those individuals who the screener has determined have discharge potential. The agency responsible for the screening function in subdivision 4 must ensure a smooth transition and follow up for the individual's return to the community. Requirements for an access, screening, and assessment function replace the preadmission screening requirements and are defined in subdivision 4. Requirements for the service development and service provision are defined in subdivision 5.

Sec. 76. Minnesota Statutes 1992, section 256B.0917, subdivision 4, is amended to read:

Subd. 4. [ACCESSIBLE INFORMATION, SCREENING, AND ASSESSMENT FUNCTION.] (a) The projects selected by and under contract with the commissioner shall establish an accessible information, screening, and assessment function for persons who need assistance and information regarding long-term care. This accessible information, screening, and assessment activity shall include information and referral, early intervention, follow-up contacts, telephone triage as defined in paragraph (f) screening, home visits, assessments, preadmission screening, and relocation case management for the frail elderly and their caregivers in the area served by the county or counties. The purpose is to ensure that information and help is provided to elderly persons and their families in a timely fashion, when they are making decisions about long-term care. These functions may be split among various agencies, but must be coordinated by the local long-term care coordinating team.

(b) Accessible information, screening, and assessment functions shall be reimbursed as follows:

(1) The screenings of all persons entering nursing homes shall be reimbursed by the nursing homes in the counties of the project, through the same policy that is in place in fiscal year 1992 as established as defined in section 256B.0911. The amount a nursing home pays to the county agency is that amount identified and approved in the February 15, 1991, estimated number of screenings and associated expenditures. This amount remains the same for fiscal year 1993, subdivision 6; and

(2) The level I screenings and the level II assessments required by Public Law Numbers 100-203 and 101-508 (OBRA) for persons with mental illness, mental retardation, or related conditions, are reimbursed through administrative funds with 75 percent federal funds and 25 percent state funds, as allowed by federal regulations and established in the contract; and

(3) Additional state administrative funds shall be available for the access, screening, and assessment activities that are not reimbursed under clauses clause (1) and (2). This amount shall not exceed the amount authorized in the guidelines and in instructions for the application and must be within the amount appropriated for this activity.

(c) The amounts available under paragraph (b) are available to the county or counties involved in the project to cover staff salaries and expenses to provide the services in this subdivision. The lead agency shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to provide the services listed in this subdivision.

(d) Any information and referral functions funded by other sources, such as Title III of the Older Americans Act and Title XX of the Social Security Act and the Community Social Services Act, shall be considered by the local long-term care coordinating team in establishing this function to avoid duplication and to ensure access to information for persons needing help and information regarding long-term care.

(e) The staffing for the screening and assessment function must include, but is not limited to, a county social worker and a county public health nurse. The social worker and public health nurse are responsible for all assessments that are required to be completed by a professional. However, only one of these professionals is required to be present for the assessment. If a county does not have a public health nurse available, it may request approval from the commissioner to assign a county registered nurse with at least one year of experience in home care to conduct the assessment.

(f) All persons entering a Medicaid certified nursing home or boarding care home must be screened through an assessment process, although the decision to conduct a face-to-face interview is left with the county social worker and the county public health nurse. All applicants to nursing homes must be screened and approved for admission by the county social worker or the county public health nurse named by the lead agency or the agencies which are under contract with the lead agency to manage the access, screening, and assessment functions. For applicants who have a diagnosis of mental illness, mental retardation, or a related condition, and are subject to the provisions of Public Law Numbers 100-203 and 101-508, their admission must be approved by the local mental health authority or the local developmental disabilities case manager.

The commissioner shall develop instructions and assessment forms for telephone triage and on-site screenings to ensure that federal regulations and waiver provisions are met.

For purposes of this section, the term "telephone triage" refers to a telephone or face to face consultation between health care and social service professionals during which the clients' circumstances are reviewed and the county agency professional sorts the individual into categories: (1) needs no screening, (2) needs an immediate screening, or (3) needs a screening after admission to a nursing home or after a return home. The county agency professional shall authorize admission to a nursing home according to the provisions in section 256B.0911, subdivision 7.

~~(g) The requirements for case mix assessments by a preadmission screening team may be waived and the nursing home shall complete the case mix assessments which are not conducted by the county public health nurse according to the procedures established under Minnesota Rules, part 9549.0059. The appropriate county or the lead agency is responsible for distributing the quality assurance and review form for all new applicants to nursing homes.~~

~~(h) (d) The lead agency or the agencies under contract with the lead agency which are responsible for the accessible information, screening, and assessment function must complete the forms and reports required by the commissioner as specified in the contract.~~

Sec. 77. Minnesota Statutes 1992, section 256B.0917, subdivision 5, is amended to read:

Subd. 5. [SERVICE DEVELOPMENT AND SERVICE DELIVERY.] (a) In addition to the access, screening, and assessment activity, each local strategy may include provisions for the following:

~~(1) expansion of alternative care to serve an increased caseload, over the fiscal year 1991 average caseload, of at least 100 persons each year who are assessed prior to nursing home admission and persons who are relocated from nursing homes, which results in a reduction of the medical assistance nursing home caseload;~~

~~(2) the addition of a full-time staff person who is responsible to develop the following services and recruit providers as established in the contract:~~

~~(i) additional adult family foster care homes;~~

~~(ii) family adult day care providers as defined in section 256B.0919, subdivision 2;~~

~~(iii) an assisted living program in an apartment;~~

~~(iv) a congregate housing service project in a subsidized housing project; and~~

~~(v) the expansion of evening and weekend coverage of home care services as deemed necessary by the local strategic plan;~~

~~(3) (2) small incentive grants to new adult family care providers for renovations needed to meet licensure requirements;~~

~~(4) (3) a plan to apply for a congregate housing service project as identified in section 256.9751, authorized by the Minnesota board on aging, to the extent that funds are available;~~

~~(5) (4) a plan to divert new applicants to nursing homes and to relocate a targeted population from nursing homes, using the individual's own resources or the funding available for services;~~

~~(6) (5) one or more caregiver support and respite care projects, as described in subdivision 6; and~~

~~(7) (6) one or more living-at-home/block nurse projects, as described in subdivisions 7 to 10.~~

(b) The expansion of alternative care clients under paragraph (a) shall be accomplished with the funds provided under section 256B.0913, and includes the allocation of targeted funds. The funding for all participating counties must be coordinated by the local long-term care coordinating team and must be part of the local long-term care strategy. Targeted Alternative care funds received through the SAIL project approval process may be transferred from one SAIL county to another within a designated SAIL project area during a fiscal year as authorized by the local long-term care coordinating team and approved by the commissioner. The base allocation used for a future year shall reflect the final transfer. Each county retains responsibility for reimbursement as defined in section 256B.0913, subdivision 12. All other requirements for the alternative care program must be met unless an exception is provided in this section. The commissioner may establish by contract a reimbursement mechanism for alternative care that does not require invoice processing through the Medical Assistance Management Information System (MMIS). The commissioner and local agencies must assure that the same client and reimbursement data is obtained as is available under MMIS.

(c) The administration of these components is the responsibility of the agencies selected by the local coordinating team and under contract with the local lead agency. However, administrative funds for paragraph (a), clauses (2) to (5), and grant funds for paragraph (a), clauses (6) and (7), shall be granted to the local lead agency. The funding available for each component is based on the plan submitted and the amount negotiated in the contract.

Sec. 78. Minnesota Statutes 1992, section 256B.0917, subdivision 11, is amended to read:

Subd. 11. [SAIL EVALUATION AND EXPANSION.] The commissioner shall evaluate the success of the SAIL projects against the objective stated in subdivision 1, paragraph (b), and recommend to the legislature the continuation or expansion of the long-term care strategy by February 15, ~~1993~~ 1995.

Sec. 79. Minnesota Statutes 1992, section 256B.0917, subdivision 12, is amended to read:

Subd. 12. [PUBLIC AWARENESS CAMPAIGN.] The commissioner, with assistance from the commissioner of health and with the advice of the long-term care planning committee, shall contract for a public awareness campaign to educate the general public, seniors, consumers, caregivers, and professionals about the aging process, the long-term care system, and alternatives available including alternative care and residential alternatives. Particular emphasis will be given to informing consumers on how to access the alternatives and obtain information on the long-term care system. The commissioner shall pursue the development of new names for preadmission screening, alternative care, ~~and foster care,~~ and other services as deemed necessary for the public awareness campaign.

Sec. 80. Minnesota Statutes 1992, section 256B.093, subdivision 1, is amended to read:

Subdivision 1. [~~STATE TRAUMATIC BRAIN INJURY CASE MANAGEMENT PROGRAM.~~] The commissioner of human services shall:

- (1) establish and maintain statewide traumatic brain injury ~~case management program~~ program;
- (2) designate a full-time position to supervise and coordinate services and policies for persons with traumatic brain injuries;
- (3) contract with qualified agencies or employ staff to provide statewide administrative case management; ~~and~~
- (4) establish an advisory committee to provide recommendations in a report to the ~~department commissioner~~ regarding program and service needs of persons with traumatic brain injuries. The advisory committee shall consist of no less than ten members and no more than 30 members. The commissioner shall appoint all advisory committee members to one- or two-year terms and appoint one member as chair; and
- (5) investigate the need for the development of rules or statutes for:
 - (i) traumatic brain injury home and community-based services waiver; and
 - (ii) traumatic brain injury services not covered by any other statute or rule.

Sec. 81. Minnesota Statutes 1992, section 256B.093, subdivision 3, is amended to read:

Subd. 3. [~~CASE MANAGEMENT TRAUMATIC BRAIN INJURY PROGRAM DUTIES.~~] The department shall fund case management under this subdivision using medical assistance administrative funds. ~~Case management~~ The traumatic brain injury program duties include:

- (1) assessing the person's individual needs for services required to prevent institutionalization;
- (2) ensuring that a care plan that addresses the person's needs is developed, implemented, and monitored on an ongoing basis by the appropriate agency or individual;
- (3) assisting the person in obtaining services necessary to allow the person to remain in the community;
- (4) coordinating home care services with other medical assistance services under section 256B.0625;
- (5) ensuring appropriate, accessible, and cost-effective medical assistance services;
- (6) recommending to the commissioner the approval or denial of the use of medical assistance funds to pay for home care services when home care services exceed thresholds established by the commissioner under section 256B.0627;

- (7) assisting the person with problems related to the provision of home care services;
- (8) ensuring the quality of home care services;
- (9) reassessing the person's need for and level of home care services at a frequency determined by the commissioner; and
- (10) recommending to the commissioner the approval or denial of medical assistance funds to pay for out-of-state placements for traumatic brain injury services and in-state traumatic brain injury services provided by designated Medicare long-term care hospitals;
- (11) coordinating the traumatic brain injury home and community-based waiver; and
- (12) approving traumatic brain injury waiver care plans.

Sec. 82. Minnesota Statutes 1992, section 256B.15, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] For purposes of this section, "medical assistance" includes the medical assistance program under this chapter and the general assistance medical care program under chapter 256D, but does not include the alternative care program ~~under this chapter~~ for nonmedical assistance recipients under section 256B.0913, subdivision 4.

Sec. 83. Minnesota Statutes 1992, section 256B.15, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS ON CLAIMS.] The claim shall include only the total amount of medical assistance rendered after age 65 or during a period of institutionalization described in subdivision 1a, clause (b), and the total amount of general assistance medical care rendered, and shall not include interest. Claims that have been allowed but not paid shall bear interest according to section 524.3-806, paragraph (d). A claim against the estate of a surviving spouse who did not receive medical assistance, for medical assistance rendered for the predeceased spouse, is limited to the value of the assets of the estate that were marital property or jointly owned property at any time during the marriage.

Sec. 84. Minnesota Statutes 1992, section 256B.19, subdivision 1b, is amended to read:

Subd. 1b. [PORTION OF NONFEDERAL SHARE TO BE PAID BY GOVERNMENT HOSPITALS.] (a) In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance costs attributable to them. For purposes of this subdivision, "designated governmental unit" means Hennepin county, ~~and the public corporation known as Ramsey Health Care, Inc. which is operated under the authority of chapter 246A and the University of Minnesota.~~ For purposes of this subdivision, "public hospital" means the Hennepin County Medical Center, and the University of Minnesota hospital and the St. Paul Ramsey Medical Center.

(b) ~~Each of the governmental units designated in this subdivision~~ From July 1, 1993 through June 30, 1994, Hennepin county shall on a monthly basis transfer an amount equal to ~~two~~ 1.8 percent of the public hospital's net patient revenues, excluding net Medicare revenue to the state Medicaid agency.

(c) Effective July 1, 1994, each of the governmental units designated in paragraph (a) shall on a monthly basis transfer an amount equal to 1.8 percent of the public hospital's net patient revenues, excluding net Medicare revenue, to the state Medicaid agency.

(d) These sums shall be part of the ~~local~~ designated governmental unit's portion of the nonfederal share of medical assistance costs, but shall not be subject to payback provisions of section 256.025.

Sec. 85. Minnesota Statutes 1992, section 256B.19, is amended by adding a subdivision to read:

Subd. 1c. [ADDITIONAL PORTION OF NONFEDERAL SHARE.] In addition to any payment required under subdivision 1b, Hennepin county and the University of Minnesota shall be responsible for a monthly transfer payment of \$1,000,000, due before noon on the 15th of each month beginning July 15, 1993. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs, but shall not be subject to payback provisions of section 256.025.

Sec. 86. Minnesota Statutes 1992, section 256B.19, is amended by adding a subdivision to read:

Subd. 1d. [PORTION OF NONFEDERAL SHARE TO BE PAID BY CERTAIN COUNTIES.] In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance cost. For purposes of this subdivision, "designated governmental unit" means the counties of Becker, Beltrami, Clearwater, Cook, Dodge, Hubbard, Itasca, Lake, Mahnomon, Pennington, Pipestone, Ramsey, St. Louis, Steele, Todd, Traverse, and Wadena.

Beginning in 1994, each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned by the county multiplied by \$5,723. If two or more counties own a nursing home, the payment shall be prorated. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs, but shall not be subject to payback provisions of section 256.025.

Sec. 87. Minnesota Statutes 1992, section 256B.37, subdivision 3, is amended to read:

Subd. 3. [NOTICE.] The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable in damages, or otherwise obligated to pay part or all of the cost of medical care when the state agency has paid or become liable for the cost of care. Notice must be given as follows:

(a) Applicants for medical assistance shall notify the state or local agency of any possible claims when they submit the application. Recipients of medical assistance shall notify the state or local agency of any possible claims when those claims arise.

(b) A person providing medical care services to a recipient of medical assistance shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(c) A person who is party to a claim upon which the state agency may be entitled to subrogation under this section shall notify the state agency of its potential subrogation claim before filing a claim, commencing an action, or negotiating a settlement. A person who is a party to a claim includes the plaintiff, the defendants, and any other party to the cause of action.

Notice given to the local agency is not sufficient to meet the requirements of paragraphs (b) and (c).

Sec. 88. Minnesota Statutes 1992, section 256B.37, subdivision 5, is amended to read:

Subd. 5. [PRIVATE BENEFITS TO BE USED FIRST.] Private accident and health care coverage for medical services is primary coverage and must be exhausted before medical assistance is paid. When a person who is otherwise eligible for medical assistance has private accident or health care coverage, including a prepaid health plan, the private health care benefits available to the person must be used first and to the fullest extent. ~~Supplemental payment may be made by medical assistance, but the combined total amount paid must not exceed the amount payable under medical assistance in the absence of other coverage. Medical assistance must not make supplemental payment for covered services rendered by a vendor who participates or contracts with a health coverage plan if the plan requires the vendor to accept the plan's payment as payment in full.~~

Sec. 89. Minnesota Statutes 1992, section 256B.37, is amended by adding a subdivision to read:

Subd. 5a. [SUPPLEMENTAL PAYMENT BY MEDICAL ASSISTANCE.] Medical assistance payment will not be made when either covered charges are paid in full by a third party or the provider has an agreement to accept payment for less than charges as payment in full. Payment for patients that are simultaneously covered by medical assistance and a liable third party other than Medicare will be determined as the lesser of clauses (1) to (3):

- (1) the patient liability according to the provider/insurer agreement;
- (2) covered charges minus the third party payment amount; or
- (3) the medical assistance rate minus the third party payment amount.

A negative difference will not be implemented.

Sec. 90. Minnesota Statutes 1992, section 256B.431, subdivision 2b, is amended to read:

Subd. 2b. [OPERATING COSTS, AFTER JULY 1, 1985.] (a) For rate years beginning on or after July 1, 1985, the commissioner shall establish procedures for determining per diem reimbursement for operating costs.

(b) The commissioner shall contract with an econometric firm with recognized expertise in and access to national economic change indices that can be applied to the appropriate cost categories when determining the operating cost payment rate.

(c) The commissioner shall analyze and evaluate each nursing facility's cost report of allowable operating costs incurred by the nursing facility during the reporting year immediately preceding the rate year for which the payment rate becomes effective.

(d) The commissioner shall establish limits on actual allowable historical operating cost per diems based on cost reports of allowable operating costs for the reporting year that begins October 1, 1983, taking into consideration relevant factors including resident needs, geographic location, size of the nursing facility, and the costs that must be incurred for the care of residents in an efficiently and economically operated nursing facility. In developing the geographic groups for purposes of reimbursement under this section, the commissioner shall ensure that nursing facilities in any county contiguous to the Minneapolis-St. Paul seven-county metropolitan area are included in the same geographic group. The limits established by the commissioner shall not be less, in the aggregate, than the 60th percentile of total actual allowable historical operating cost per diems for each group of nursing facilities established under subdivision 1 based on cost reports of allowable operating costs in the previous reporting year. For rate years beginning on or after July 1, 1989, facilities located in geographic group I as described in Minnesota Rules, part 9549.0052, on January 1, 1989, may choose to have the commissioner apply either the care related limits or the other operating cost limits calculated for facilities located in geographic group II, or both, if either of the limits calculated for the group II facilities is higher. The efficiency incentive for geographic group I nursing facilities must be calculated based on geographic group I limits. The phase-in must be established utilizing the chosen limits. For purposes of these exceptions to the geographic grouping requirements, the definitions in Minnesota Rules, parts 9549.0050 to 9549.0059 (Emergency), and 9549.0010 to 9549.0080, apply. The limits established under this paragraph remain in effect until the commissioner establishes a new base period. Until the new base period is established, the commissioner shall adjust the limits annually using the appropriate economic change indices established in paragraph (e).

(e) In determining allowable historical operating cost per diems for purposes of setting limits and nursing facility payment rates, the commissioner shall divide the allowable historical operating costs by the actual number of resident days, except that where a nursing facility is occupied at less than 90 percent of licensed capacity days, the commissioner may establish procedures to adjust the computation of the per diem to an imputed occupancy level at or below 90 percent. The commissioner shall establish efficiency incentives as appropriate. The commissioner may establish efficiency incentives for different operating cost categories. The commissioner shall consider establishing efficiency incentives in care related cost categories. The commissioner may combine one or more operating cost categories and may use different methods for calculating payment rates for each operating cost category or combination of operating cost categories. For the rate year beginning on July 1, 1985, the commissioner shall:

(1) allow nursing facilities that have an average length of stay of 180 days or less in their skilled nursing level of care, 125 percent of the care related limit and 105 percent of the other operating cost limit established by rule; and

(2) exempt nursing facilities licensed on July 1, 1983, by the commissioner to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3600, from the care related limits and allow 105 percent of the other operating cost limit established by rule.

For the purpose of calculating the other operating cost efficiency incentive for nursing facilities referred to in clause (1) or (2), the commissioner shall use the other operating cost limit established by rule before application of the 105 percent.

(e) The commissioner shall establish a composite index or indices by determining the appropriate economic change indicators to be applied to specific operating cost categories or combination of operating cost categories.

(f) Each nursing facility shall receive an operating cost payment rate equal to the sum of the nursing facility's operating cost payment rates for each operating cost category. The operating cost payment rate for an operating cost category shall be the lesser of the nursing facility's historical operating cost in the category increased by the appropriate index established in paragraph (e) for the operating cost category plus an efficiency incentive established pursuant to paragraph (d) or the limit for the operating cost category increased by the same index. If a nursing facility's actual historic operating costs are greater than the prospective payment rate for that rate year, there shall be no retroactive cost settle-up. In establishing payment rates for one or more operating cost categories, the commissioner may establish separate rates for different classes of residents based on their relative care needs.

(g) The commissioner shall include the reported actual real estate tax liability or payments in lieu of real estate tax of each nursing facility as an operating cost of that nursing facility. Allowable costs under this subdivision for payments made by a nonprofit nursing facility that are in lieu of real estate taxes shall not exceed the amount which the nursing facility would have paid to a city or township and county for fire, police, sanitation services, and road maintenance costs had real estate taxes been levied on that property for those purposes. For rate years beginning on or after July 1, 1987, the reported actual real estate tax liability or payments in lieu of real estate tax of nursing facilities shall be adjusted to include an amount equal to one-half of the dollar change in real estate taxes from the prior year. The commissioner shall include a reported actual special assessment, and reported actual license fees required by the Minnesota department of health, for each nursing facility as an operating cost of that nursing facility. For rate years beginning on or after July 1, 1989, the commissioner shall include a nursing facility's reported public employee retirement act contribution for the reporting year as apportioned to the care-related operating cost categories and other operating cost categories multiplied by the appropriate composite index or indices established pursuant to paragraph (e) as costs under this paragraph. Total adjusted real estate tax liability, payments in lieu of real estate tax, actual special assessments paid, the indexed public employee retirement act contribution, and license fees paid as required by the Minnesota department of health, for each nursing facility (1) shall be divided by actual resident days in order to compute the operating cost payment rate for this operating cost category, (2) shall not be used to compute the care-related operating cost limits or other operating cost limits established by the commissioner, and (3) shall not be increased by the composite index or indices established pursuant to paragraph (e), unless otherwise indicated in this paragraph.

(h) For rate years beginning on or after July 1, 1987, the commissioner shall adjust the rates of a nursing facility that meets the criteria for the special dietary needs of its residents as specified in section 144A.071, subdivision 3, clause (e), and the requirements in section 31.651. The adjustment for raw food cost shall be the difference between the nursing facility's allowable historical raw food cost per diem and 115 percent of the median historical allowable raw food cost per diem of the corresponding geographic group.

The rate adjustment shall be reduced by the applicable phase-in percentage as provided under subdivision 2h.

Sec. 91. Minnesota Statutes 1992, section 256B.431, subdivision 2o, is amended to read:

Subd. 2o. [SPECIAL PAYMENT RATES FOR SHORT-STAY NURSING FACILITIES.] Notwithstanding contrary provisions of this section and rules adopted by the commissioner, for the rate years beginning on or after July 1, 1992 1993, a nursing facility whose average length of stay for the rate preceding reporting year beginning July 1, 1991, is (1) less than 180 days; or (2) less than 225 days in a nursing facility with more than 315 licensed beds must be reimbursed for allowable costs up to 125 percent of the total care-related limit and 105 percent of the other-operating-cost limit for hospital-attached nursing facilities. The A nursing facility that received the benefit of this limit during the rate year beginning July 1, 1992, continues to receive this rate during the rate year beginning July 1, 1993, even if the facility's average length of stay is more than 180 days in the rate years subsequent to the rate year beginning July 1, 1991. For purposes of this subdivision, a nursing facility shall compute its average length of stay by dividing the nursing facility's actual resident days for the reporting year by the nursing facility's total resident discharges for that reporting year.

Sec. 92. Minnesota Statutes 1992, section 256B.431, is amended by adding a subdivision to read:

Subd. 2s. [PAYMENT RESTRICTIONS ON LEAVE DAYS.] Effective July 1, 1993, the commissioner shall limit payment for leave days in a nursing facility to 79 percent of that nursing facility's total payment rate for the involved resident.

Sec. 93. Minnesota Statutes 1992, section 256B.431, subdivision 13, is amended to read:

Subd. 13. [HOLD-HARMLESS PROPERTY-RELATED RATES.] (a) Terms used in subdivisions 13 to 21 shall be as defined in Minnesota Rules, parts 9549.0010 to 9549.0080, and this section.

(b) Except as provided in this subdivision, for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, the property-related rate for a nursing facility shall be the greater of \$4 or the property-related payment rate in effect on September 30, 1992. In addition, the incremental increase in the nursing facility's rental rate will be determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section.

(c) Notwithstanding Minnesota Rules, part 9549.0060, subpart 13, item F, a nursing facility that has a sale permitted under subdivision 14 after June 30, 1992, shall receive the property-related payment rate in effect at the time of the sale or reorganization. For rate periods beginning after October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility shall receive, in addition to its property-related payment rate in effect at the time of the sale, the incremental increase allowed under subdivision 14.

(d) For rate years beginning after June 30, 1993, the property-related rate for a nursing facility licensed after July 1, 1989, after relocating its beds from a separate nursing home to a building formerly used as a hospital and sold during the cost reporting year ending September 30, 1991, shall be its property-related rate prior to the sale in addition to the incremental increases provided under this section effective on October 1, 1992, of 29 cents per day, and any incremental increases after October 1, 1992, calculated by using its rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, recognizing the current appraised value of the facility at the new location, and including as allowable debt otherwise allowable debt incurred to remodel the facility in the new location prior to the relocation of beds.

Sec. 94. Minnesota Statutes 1992, section 256B.431, subdivision 14, is amended to read:

Subd. 14. [LIMITATIONS ON SALES OF NURSING FACILITIES.] (a) For rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility's property-related payment rate as established under subdivision 13 shall be adjusted by either paragraph (b) or (c) for the sale of the nursing facility, including sales occurring after June 30, 1992, as provided in this subdivision.

(b) If the nursing facility's property-related payment rate under subdivision 13 prior to sale is greater than the nursing facility's rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section prior to sale, the nursing facility's property-related payment rate after sale shall be the greater of its property-related payment rate under subdivision 13 prior to sale or its rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section calculated after sale.

(c) If the nursing facility's property-related payment rate under subdivision 13 prior to sale is equal to or less than the nursing facility's rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section prior to sale, the nursing facility's property-related payment rate after sale shall be the nursing facility's property-related payment rate under subdivision 13 plus the difference between its rental rate calculated under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section prior to sale and its rental rate calculated under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section calculated after sale.

(d) For purposes of this subdivision, "sale" means the purchase of a nursing facility's capital assets with cash or debt. The term sale does not include a stock purchase of a nursing facility or any of the following transactions:

- (1) a sale and leaseback to the same licensee that does not constitute a change in facility license;
- (2) a transfer of an interest to a trust;
- (3) gifts or other transfers for no consideration;
- (4) a merger of two or more related organizations;
- (5) a change in the legal form of doing business, other than a publicly held organization that becomes privately held or vice versa;
- (6) the addition of a new partner, owner, or shareholder who owns less than 20 percent of the nursing facility or the issuance of stock; and
- (7) a sale, merger, reorganization, or any other transfer of interest between related organizations other than those permitted in this section.

(e) For purposes of this subdivision, "sale" includes the sale or transfer of a nursing facility to a close relative as defined in Minnesota Rules, part 9549.0020, subpart 38, item C, upon the death of an owner, due to serious illness or disability, as defined under the Social Security Act, under United States Code, title 42, section 423(d)(1)(A), or upon retirement of an owner from the business of owning or operating a nursing home at 62 years of age or older. For sales to a close relative allowed under this paragraph, otherwise nonallowable debt resulting from seller financing of all or a portion of the debt resulting from the sale shall be allowed and shall not be subject to Minnesota Rules, part 9549.0060, subpart 5, item E, provided that in addition to existing requirements for allowance of debt and interest, the debt is subject to repayment through annual principal payments and the interest rate on the related organization debt does not exceed three percentage points above the posted yield for standard conventional fixed rate mortgages of the Federal Home Loan Mortgage Corporation for delivery in 60 days in effect on the day of sale. If at any time, the seller forgives the related organization debt allowed under this paragraph for other than equal amount of payment on that debt, then the buyer shall pay to the state the total revenue received by the nursing facility after the sale attributable to the amount of allowable debt which has been forgiven. Any assignment, sale, or transfer of the debt instrument entered into by the close relatives, either directly or indirectly, which grants to the close relative buyer the right to receive all or a portion of the payments under the debt instrument shall, effective on the date of the transfer, result in the prospective reduction in the corresponding portion of the allowable debt and interest expense. Upon the death of the close relative seller, any remaining balance of the close relative debt must be refinanced and such refinancing shall be subject to the provisions of Minnesota Rules, part 9549.0060, subpart 7, item G. This paragraph shall not apply to sales occurring on or after June 30, 1997.

(e) (f) For purposes of this subdivision, "effective date of sale" means the later of either the date on which legal title to the capital assets is transferred or the date on which closing for the sale occurred.

(f) (g) The effective day for the property-related payment rate determined under this subdivision shall be the first day of the month following the month in which the effective date of sale occurs or October 1, 1992, whichever is later, provided that the notice requirements under section 256B.47, subdivision 2, have been met.

(g) (h) Notwithstanding Minnesota Rules, part 9549.0060, subparts 5, item A, subitems (3) and (4), and 7, items E and F, the commissioner shall limit the total allowable debt and related interest for sales occurring after June 30, 1992, to the sum of clauses (1) to (3):

(1) the historical cost of capital assets, as of the nursing facility's most recent previous effective date of sale or, if there has been no previous sale, the nursing facility's initial historical cost of constructing capital assets;

(2) the average annual capital asset additions after deduction for capital asset deletions, not including depreciations; and

(3) one-half of the allowed inflation on the nursing facility's capital assets. The commissioner shall compute the allowed inflation as described in paragraph (h).

(h) (i) For purposes of computing the amount of allowed inflation, the commissioner must apply the following principles:

(1) the lesser of the Consumer Price Index for all urban consumers or the Dodge Construction Systems Costs for Nursing Homes for any time periods during which both are available must be used. If the Dodge Construction Systems Costs for Nursing Homes becomes unavailable, the commissioner shall substitute the index in subdivision 3f, or such other index as the secretary of the health care financing administration may designate;

(2) the amount of allowed inflation to be applied to the capital assets in paragraph (g), clauses (1) and (2), must be computed separately;

(3) the amount of allowed inflation must be determined on an annual basis, prorated on a monthly basis for partial years and if the initial month of use is not determinable for a capital asset, then one-half of that calendar year shall be used for purposes of prorating;

(4) the amount of allowed inflation to be applied to the capital assets in paragraph (g), clauses (1) and (2), must not exceed 300 percent of the total capital assets in any one of those clauses; and

(5) the allowed inflation must be computed starting with the month following the nursing facility's most recent previous effective date of sale or, if there has been no previous sale, the month following the date of the nursing facility's initial occupancy, and ending with the month preceding the effective date of sale.

(j) If the historical cost of a capital asset is not readily available for the date of the nursing facility's most recent previous sale or if there has been no previous sale for the date of the nursing facility's initial occupancy, then the commissioner shall limit the total allowable debt and related interest after sale to the extent recognized by the Medicare intermediary after the sale. For a nursing facility that has no historical capital asset cost data available and does not have allowable debt and interest calculated by the Medicare intermediary, the commissioner shall use the historical cost of capital asset data from the point in time for which capital asset data is recorded in the nursing facility's audited financial statements.

(k) The limitations in this subdivision apply only to debt resulting from a sale of a nursing facility occurring after June 30, 1992, including debt assumed by the purchaser of the nursing facility.

Sec. 95. Minnesota Statutes 1992, section 256B.431, subdivision 15, is amended to read:

Subd. 15. [CAPITAL REPAIR AND REPLACEMENT COST REPORTING AND RATE CALCULATION.] For rate years beginning after June 30, 1993, a nursing facility's capital repair and replacement payment rate shall be established annually as provided in paragraphs (a) to (d).

(a) Notwithstanding Minnesota Rules, part 9549.0060, subpart 12, the costs of acquiring any of the following items, including cash payment for equity investment and principal and interest expense for debt financing, shall be reported in the capital repair and replacement cost category when the cost of the item exceeds \$500:

- (1) wall coverings;
- (2) paint;
- (3) floor coverings;
- (4) window coverings;
- (5) roof repair;
- (6) heating or cooling system repair or replacement;
- (7) window repair or replacement;

(8) initiatives designed to reduce energy usage by the facility if accompanied by an energy audit prepared by a professional engineer or architect registered in Minnesota, or by an auditor certified under Minnesota Rules, part 7635.0130, to do energy audits and the energy audit identifies the initiative as a conservation measure; and

(9) ~~capitalized~~ repair or replacement of capital assets not included in the equity incentive computations under subdivision 16.

(b) To compute the capital repair and replacement payment rate, the allowable annual repair and replacement costs for the reporting year must be divided by actual resident days for the reporting year. The annual allowable capital repair and replacement costs shall not exceed \$150 per licensed bed. The excess of the allowed capital repair and replacement costs over the capital repair and replacement limit shall be a cost carryover to succeeding cost reporting periods, except that sale of a facility, under subdivision 14, shall terminate the carryover of all costs except those incurred in the most recent cost reporting year. The termination of the carryover shall have effect on the capital repair and replacement rate on the same date as provided in subdivision 14, paragraph (f), for the sale. For rate years beginning after June 30, 1994, the capital repair and replacement limit shall be subject to the index provided in subdivision 3f, paragraph (a). For purposes of this subdivision, the number of licensed beds shall be the number used to calculate the nursing facility's capacity days. The capital repair and replacement rate must be added to the nursing facility's total payment rate.

(c) Capital repair and replacement costs under this subdivision shall not be counted as either care-related or other operating costs, nor subject to care-related or other operating limits.

(d) If costs otherwise allowable under this subdivision are incurred as the result of a project approved under the moratorium exception process in section 144A.073, or in connection with an addition to or replacement of buildings, attached fixtures, or land improvements for which the total historical cost of these assets exceeds the lesser of \$150,000 or ten percent of the nursing facility's appraised value, these costs must be claimed under subdivision 16 or 17, as appropriate.

Sec. 96. Minnesota Statutes 1992, section 256B.431, subdivision 21, is amended to read:

Subd. 21. [~~INDEXING THRESHHOLDS~~ THRESHOLDS.] Beginning January 1, 1993, and each January 1 thereafter, the commissioner shall annually update the dollar ~~threshholds~~ thresholds in subdivisions 15, paragraph (d), 16, and 17, and in section 144A.071, ~~subdivision~~ subdivisions 2 and 3 ~~4a~~, clauses ~~(h)~~ (b) and ~~(p)~~ (e), by the inflation index referenced in subdivision 3f, paragraph (a).

Sec. 97. Minnesota Statutes 1992, section 256B.431, is amended by adding a subdivision to read:

Subd. 22. [CHANGES TO NURSING FACILITY REIMBURSEMENT.] The nursing facility reimbursement changes in paragraphs (a) to (e) apply to Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, and are effective for rate years beginning on or after July 1, 1993, unless otherwise indicated.

(a) In addition to the approved pension or profit sharing plans allowed by the reimbursement rule, the commissioner shall allow those plans specified in Internal Revenue Code, sections 403(b) and 408(k).

(b) The commissioner shall allow as workers' compensation insurance costs under section 256B.421, subdivision 14, the costs of workers' compensation coverage obtained under the following conditions:

(1) a plan approved by the commissioner of commerce as a Minnesota group or individual self-insurance plan as provided in sections 79A.03;

(2) a plan in which:

(i) the nursing facility, directly or indirectly, purchases workers' compensation coverage in compliance with section 176.181, subdivision 2, from an authorized insurance carrier;

(ii) a related organization to the nursing facility reinsures the workers' compensation coverage purchased, directly or indirectly, by the nursing facility; and

(iii) all of the conditions in clause (4) are met;

(3) a plan in which:

(i) the nursing facility, directly or indirectly, purchases workers' compensation coverage in compliance with section 176.181, subdivision 2, from an authorized insurance carrier;

(ii) the insurance premium is calculated retrospectively, including a maximum premium limit, and paid using the paid loss retro method; and

(iii) all of the conditions in clause (4) are met;

(4) additional conditions are:

(i) the costs of the plan are allowable under the federal Medicare program;

(ii) the reserves for the plan are maintained in an account controlled and administered by a person which is not a related organization to the nursing facility;

(iii) the reserves for the plan cannot be used, directly or indirectly, as collateral for debts incurred or other obligations of the nursing facility or related organizations to the nursing facility;

(iv) if the plan provides workers' compensation coverage for non-Minnesota nursing facilities, the plan's cost methodology must be consistent among all nursing facilities covered by the plan, and if reasonable, is allowed notwithstanding any reimbursement laws regarding cost allocation to the contrary;

(v) central, affiliated, corporate, or nursing facility costs related to their administration of the plan are costs which must remain in the nursing facility's administrative cost category and must not be allocated to other cost categories; and

(vi) required security deposits, whether in the form of cash, investments, securities, assets, letters of credit, or in any other form are not allowable costs for purposes of establishing the facilities payment rate.

(5) any costs allowed pursuant to clauses (1) to (3) are subject to the following requirements:

(i) If the nursing facility is sold or otherwise ceases operations, the plan's reserves must be subject to an actuarially based settle-up after 36 months from the date of sale or the date on which operations ceased. The facility's medical assistance portion of the total excess plan reserves must be paid to the state within 30 days following the date on which excess plan reserves are determined.

(ii) Any distribution of excess plan reserves made to or withdrawals made by the nursing facility or a related organization are applicable credits and must be used to reduce the nursing facility's workers' compensation insurance costs in the reporting period in which a distribution or withdrawal is received.

(iii) If reimbursement for the plan is sought under the federal Medicare program, and is audited pursuant to the Medicare program, the nursing facility must provide a copy of Medicare's final audit report, including attachments and exhibits, to the commissioner within 30 days of receipt by the nursing facility or any related organization. The commissioner shall implement the audit findings associated with the plan upon receipt of Medicare's final audit report. The department's authority to implement the audit findings is independent of its authority to conduct a field audit.

(6) the commissioner shall have authority to adopt emergency rules to implement this paragraph.

(c) In the determination of incremental increases in the nursing facility's rental rate as required in subdivisions 14 to 21, except for a refinancing permitted under subdivision 19, the commissioner must adjust the nursing facility's property-related payment rate for both incremental increases and decreases in recomputations of its rental rate.

(d) A nursing facility's administrative cost limitation must be modified as follows:

(1) if the nursing facility's licensed beds exceed 195 licensed beds, the general and administrative cost category limitation shall be 13 percent;

(2) if the nursing facility's licensed beds are more than 150 licensed beds, but less than 196 licensed beds, the general and administrative cost category limitation shall be 14 percent; or

(3) if the nursing facility's licensed beds is less than 151 licensed beds, the general and administrative cost category limitation shall remain at 15 percent.

(e) The care related operating rate shall be increased by eight cents to reimburse facilities for unfunded federal mandates, including costs related to hepatitis B vaccinations.

Sec. 98. Minnesota Statutes 1992, section 256B.431 is amended by adding a subdivision to read:

Subd. 23. [COUNTY NURSING HOME PAYMENT ADJUSTMENTS.] (a) Beginning in 1994, the commissioner shall pay a nursing home payment adjustment on May 31 after noon to a county in which is located a nursing home that, as of January 1 of the previous year, was county-owned and had over 40 beds and medical assistance occupancy in excess of 50 percent during the reporting year ending September 30, 1991. The adjustment shall be an amount equal to \$16 per calendar day multiplied by the number of beds licensed in the facility as of September 30, 1991.

(b) Payments under paragraph (a) are excluded from medical assistance per diem rate calculations. These payments are required notwithstanding any rule prohibiting medical assistance payments from exceeding payments from private pay residents. A facility receiving a payment under paragraph (a) may not increase charges to private pay residents by an amount equivalent to the per diem amount payments under paragraph (a) would equal if converted to a per diem.

Sec. 99. Minnesota Statutes 1992, section 256B.431, is amended by adding a subdivision to read:

Subd. 24. [MODIFIED EFFICIENCY INCENTIVE.] Notwithstanding section 256B.74, subdivision 3, for the rate year beginning July 1, 1993, the maximum efficiency incentive is \$2.20, and for rate years beginning on or after July 1, 1994, the commissioner shall determine a nursing facility's efficiency incentive by first computing the amount by which the facility's other operating cost limit exceeds its nonadjusted other operating cost per diem for that rate year. The commissioner shall then use the following table to compute the nursing facility's efficiency incentive. Each increment or partial increment the nursing facility's nonadjusted other operating per diem is below its other operating cost limit shall be multiplied by the corresponding percentage for that per diem increment. The sum of each of those computations shall be the nursing facility's efficiency incentive.

<u>Other Operating Cost Per Diem Increment Below Facility Limit</u>	<u>Percentage Applied to Each Per Diem Increment</u>
Less than \$0.50	70 percent
\$0.50 to less than \$0.70	10 percent
\$0.70 to less than \$0.90	15 percent
\$0.90 to less than \$1.10	20 percent
\$1.10 to less than \$1.30	25 percent
\$1.30 to less than \$1.50	30 percent
\$1.50 to less than \$1.70	35 percent
\$1.70 to less than \$1.90	40 percent
\$1.90 to less than \$2.10	45 percent
\$2.10 to less than \$2.30	50 percent
\$2.30 to less than \$2.50	55 percent
\$2.50 to less than \$2.70	60 percent
\$2.70 to less than \$2.90	65 percent
\$2.90 to less than \$3.10	70 percent
\$3.10 to less than \$3.30	75 percent
\$3.30 to less than \$3.50	80 percent
\$3.50 to less than \$3.70	85 percent
\$3.70 to less than \$3.90	90 percent
\$3.90 to less than \$4.10	95 percent
\$4.10 to less than \$4.30	100 percent

The maximum efficiency incentive is \$2.44 per resident day.

Sec. 100. Minnesota Statutes 1992, section 256B.432, subdivision 5, is amended to read:

Subd. 5. [ALLOCATION OF REMAINING COSTS; ALLOCATION RATIO.] (a) After the costs that can be directly identified according to subdivisions 3 and 4 have been allocated, the remaining central, affiliated, or corporate office costs must be allocated between the long-term care facility operations and the other activities or facilities unrelated to the long-term care facility operations based on the ratio of expenses total operating costs.

(b) For purposes of allocating these remaining central, affiliated, or corporate office costs, the numerator for the allocation ratio shall be determined as follows:

(1) for long-term care facilities that are related organizations or are controlled by a central, affiliated, or corporate office under a management agreement, the numerator of the allocation ratio shall be equal to the sum of the total operating costs incurred by each related organization or controlled long-term care facility;

(2) for a central, affiliated, or corporate office providing goods or services to related organizations that are not long-term care facilities, the numerator of the allocation ratio shall be equal to the sum of the total operating costs incurred by the non-long-term care related organizations;

(3) for a central, affiliated, or corporate office providing goods or services to unrelated long-term care facilities under a consulting agreement, the numerator of the allocation ratio shall be equal to the greater of directly identified central, affiliated, or corporate costs or the contracted amount; or

(4) for business activities that involve the providing of goods or services to unrelated parties which are not long-term care facilities, the numerator of the allocation ratio shall be equal to the greater of directly identified costs or revenues generated by the activity or function.

(c) The denominator for the allocation ratio is the sum of the numerators in paragraph (b), clauses (1) to (4).

Sec. 101. Minnesota Statutes 1992, section 256B.432, is amended by adding a subdivision to read:

Subd. 8. [ADEQUATE DOCUMENTATION SUPPORTING LONG-TERM CARE FACILITY PAYROLLS.] Beginning July 1, 1993, payroll records supporting compensation costs claimed by long-term care facilities must be supported by affirmative time and attendance records prepared by each individual at intervals of not more than one month. The affirmative time and attendance record must identify the individual's name; the days worked during each pay period; the number of hours worked each day; and the number of hours taken each day by the individual for vacation, sick, and other leave. The affirmative time and attendance record must include a signed verification by the individual and the individual's supervisor, if any, that the entries reported on the record are correct.

Sec. 102. Minnesota Statutes 1992, section 256B.47, subdivision 3, is amended to read:

Subd. 3. [ALLOCATION OF COSTS.] To ensure the avoidance of double payments as required by section 256B.433, the direct and indirect reporting year costs of providing residents of nursing facilities that are not hospital attached with therapy services that are billed separately from the nursing facility payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, must be determined and deducted from the appropriate cost categories of the annual cost report as follows:

(a) The costs of wages and salaries for employees providing or participating in providing and consultants providing services shall be allocated to the therapy service based on direct identification.

(b) The costs of fringe benefits and payroll taxes relating to the costs in paragraph (a) must be allocated to the therapy service based on direct identification or the ratio of total costs in paragraph (a) to the sum of total allowable salaries and the costs in paragraph (a).

(c) The costs of housekeeping, plant operations and maintenance, real estate taxes, special assessments, and insurance, other than the amounts classified as a fringe benefit, must be allocated to the therapy service based on the ratio of service area square footage to total facility square footage.

(d) The costs of bookkeeping and medical records must be allocated to the therapy service either by the method in paragraph (e) or based on direct identification. Direct identification may be used if adequate documentation is provided to, and accepted by, the commissioner.

(e) The costs of administrators, bookkeeping, and medical records salaries, except as provided in paragraph (d), must be allocated to the therapy service based on the ratio of the total costs in paragraphs (a) to (d) to the sum of total allowable nursing facility costs and the costs in paragraphs (a) to (d).

(f) The cost of property must be allocated to the therapy service and removed from the ~~rental per diem nursing facility's property-related payment rate~~, based on the ratio of service area square footage to total facility square footage multiplied by the ~~building capital allowance~~ property-related payment rate.

Sec. 103. Minnesota Statutes 1992, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED PRACTICES.] A nursing facility is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances: the nursing facility may (1) charge private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the daily rate paid by the commissioner. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be available to all residents in all areas of the nursing facility and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing facility in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing facility. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they were included in the payment rate for the previous reporting year. A nursing facility that charges a private paying resident a rate in violation of this clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing facility that charges the resident rates in violation of this clause. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing facility may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

(b) Requiring an applicant for admission to the facility, or the guardian or conservator of the applicant, as a condition of admission, to pay any fee or deposit in excess of \$100, loan any money to the nursing facility, or promise to leave all or part of the applicant's estate to the facility.

(c) Requiring any resident of the nursing facility to utilize a vendor of health care services ~~who is a licensed physician or pharmacist~~ chosen by the nursing facility.

(d) Providing differential treatment on the basis of status with regard to public assistance.

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance or refusal to purchase special services. Admissions discrimination shall include, but is not limited to:

(1) basing admissions decisions upon assurance by the applicant to the nursing facility, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek public assistance for payment of nursing facility care costs; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately or an applicant's refusal to pay for a special service.

The collection and use by a nursing facility of financial information of any applicant pursuant to a preadmission screening program established by law shall not raise an inference that the nursing facility is utilizing that information for any purpose prohibited by this paragraph.

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing facility except as payment for renting or leasing space or equipment or purchasing support services from the nursing facility as limited by section 256B.433. All agreements must be disclosed to the commissioner upon request of the commissioner. Nursing facilities and vendors of ancillary services that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

The prohibitions set forth in clause (b) shall not apply to a retirement facility with more than 325 beds including at least 150 licensed nursing facility beds and which:

(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and

(2) accounts for all of the applicant's assets which are required to be assigned to the facility so that only expenses for the cost of care of the applicant may be charged against the account; and

(3) agrees in writing at the time of admission to the facility to permit the applicant, or the applicant's guardian, or conservator, to examine the records relating to the applicant's account upon request, and to receive an audited statement of the expenditures charged against the applicant's individual account upon request; and

(4) agrees in writing at the time of admission to the facility to permit the applicant to withdraw from the facility at any time and to receive, upon withdrawal, the balance of the applicant's individual account.

For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing facility or boarding care home which is in violation of this section if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing facility to correct the violation. The nursing facility shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing facility by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation and shall remain in effect until the violation is corrected. The nursing facility or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing facility is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing facility to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing facility.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 104. Minnesota Statutes 1992, section 256B.48, subdivision 2, is amended to read:

Subd. 2. [REPORTING REQUIREMENTS.] No later than December 31 of each year, a skilled nursing facility or intermediate care facility, including boarding care facilities, which receives medical assistance payments or other reimbursements from the state agency shall:

(a) Provide the state agency with a copy of its audited financial statements. The audited financial statements must include a balance sheet, income statement, statement of the rate or rates charged to private paying residents, statement of retained earnings, statement of cash flows, notes to the financial statements, audited applicable supplemental information, and the certified public accountant's or licensed public accountant's opinion. The examination by the certified public accountant or licensed public accountant shall be conducted in accordance with generally accepted auditing standards as promulgated and adopted by the American Institute of Certified Public Accountants. Beginning with the reporting year which begins October 1, 1992, a nursing facility is no longer required to have a certified audit of its financial statements. The cost of a certified audit shall not be an allowable cost in that reporting year, nor in subsequent reporting years unless the nursing facility submits its certified audited financial statements in the manner otherwise specified in this subdivision. A nursing facility which does not submit a certified audit must submit its working trial balance;

(b) Provide the state agency with a statement of ownership for the facility;

(c) Provide the state agency with separate, audited financial statements as specified in clause (a) for every other facility owned in whole or part by an individual or entity which has an ownership interest in the facility;

(d) Upon request, provide the state agency with separate, audited financial statements as specified in clause (a) for every organization with which the facility conducts business and which is owned in whole or in part by an individual or entity which has an ownership interest in the facility;

(e) Provide the state agency with copies of leases, purchase agreements, and other documents related to the lease or purchase of the nursing facility;

(f) Upon request, provide the state agency with copies of leases, purchase agreements, and other documents related to the acquisition of equipment, goods, and services which are claimed as allowable costs; and

(g) Permit access by the state agency to the certified public accountant's and licensed public accountant's audit workpapers which support the audited financial statements required in clauses (a), (c), and (d).

Documents or information provided to the state agency pursuant to this subdivision shall be public. If the requirements of clauses (a) to (g) are not met, the reimbursement rate may be reduced to 80 percent of the rate in effect on the first day of the fourth calendar month after the close of the reporting year, and the reduction shall continue until the requirements are met.

Both nursing facilities and intermediate care facilities for the mentally retarded must maintain statistical and accounting records in sufficient detail to support information contained in the facility's cost report for at least ~~five~~ six years, including the year following the submission of the cost report. For computerized accounting systems, the records must include copies of electronically generated media such as magnetic discs and tapes.

Sec. 105. Minnesota Statutes 1992, section 256B.49, is amended by adding a subdivision to read:

Subd. 5. [PROVIDE WAIVER ELIGIBILITY FOR CERTAIN CHRONICALLY ILL AND CERTAIN DISABLED PERSONS.] Chronically ill or disabled individuals, who are likely to reside in acute care if waiver services were not provided, could be found eligible for services under this section without regard to age.

Sec. 106. Minnesota Statutes 1992, section 256B.50, subdivision 1b, is amended to read:

Subd. 1b. [FILING AN APPEAL.] To appeal, the provider shall file with the commissioner a written notice of appeal; the appeal must be postmarked or received by the commissioner within 60 days of the date the determination of the payment rate was mailed or personally received by a provider, whichever is earlier. The notice of appeal must specify each disputed item; the reason for the dispute; the total dollar amount in dispute for each separate disallowance, allocation, or adjustment of each cost item or part of a cost item; the computation that the provider believes is correct; the authority in statute or rule upon which the provider relies for each disputed item; the name and address of the person or firm with whom contacts may be made regarding the appeal; and other information required by the commissioner. The commissioner shall review an appeal by a nursing facility, if the appeal was sent by certified mail and postmarked prior to August 1, 1991, and would have been received by the commissioner within the 60-day deadline if it had not been delayed due to an error by the postal service.

Sec. 107. Minnesota Statutes 1992, section 256B.50, is amended by adding a subdivision to read:

Subd. 1h. [APPEALS REVIEW PROJECT.] (a) The appeals review procedure described in this subdivision is effective for desk audit appeals for rate years beginning between July 1, 1993, and June 30, 1997, and for field audit appeals filed during that time period. For appeals reviewed under this subdivision, subdivision 1c applies only to contested case demands under paragraph (d) and subdivision 1d does not apply.

(b) The commissioner shall review appeals and issue a written determination on each appealed item within one year of the due date of the appeal. Upon mutual agreement, the commissioner and the provider may extend the time for issuing a determination for a specified period. The commissioner shall notify the provider by first class mail of the determination. The determination takes effect 30 days following the date of issuance specified in the determination.

(c) In reviewing the appeal, the commissioner may request additional written or oral information from the provider. The provider has the right to present information by telephone or in person concerning the appeal to the commissioner prior to the issuance of the determination if a conference is requested within six months of the date the appeal was received by the commissioner. Statements made during the review process are not admissible in a contested case hearing under paragraph (d) absent an express stipulation by the parties to the contested case.

(d) For an appeal item on which the provider disagrees with the determination, the provider may file with the commissioner a written demand for a contested case hearing to determine the proper resolution of specified appeal items. The demand must be postmarked or received by the commissioner within 30 days of the date of issuance specified in the determination. The commissioner shall refer any contested case demand to the office of the attorney general. When a contested case demand is referred to the office of the attorney general, the contested case procedures described in subdivision 1c apply and the written determination issued by the commissioner is of no effect.

(e) The commissioner has discretion to issue to the provider a proposed resolution for specified appeal items upon a request from the provider filed separately from the notice of appeal. The proposed resolution is final upon written acceptance by the provider within 30 days of the date the proposed resolution was mailed to or personally received by the provider, whichever is earlier.

(f) The commissioner may use the procedures described in this subdivision to resolve appeals filed prior to July 1, 1993.

Sec. 108. Minnesota Statutes 1992, section 256B.50, is amended by adding a subdivision to read:

Subd. 3. [TIME AND ATTENDANCE DISPUTED ITEMS.] The commissioner shall settle unresolved appeals by a nursing facility of disallowances or adjustments of compensation costs for rate years beginning prior to June 30, 1994, by recognizing the compensation costs reported by the nursing facility when the appealed disallowances or adjustments were based on a determination of inadequate documentation of time and attendance or equivalent records to support payroll costs. The recognition of costs provided in this subdivision pertains only to appeals of disallowances and adjustments based solely on disputed time and attendance or equivalent records. Appeals of disallowances and adjustments of compensation costs based on other grounds, including misrepresentation of costs or failure to meet the general cost criteria under Minnesota Rules, parts 9549.0010 to 9549.0080, are not governed by this subdivision.

Sec. 109. Minnesota Statutes 1992, section 256B.501, subdivision 3g, is amended to read:

Subd. 3g. [ASSESSMENT OF RESIDENTS.] ~~For rate years beginning on or after October 1, 1990, the commissioner shall establish program operating cost rates for care of residents in facilities that take into consideration service characteristics of residents in those facilities.~~ To establish the service characteristics of residents, the quality assurance and review teams in the department of health shall assess all residents annually beginning January 1, 1989, using a uniform assessment instrument developed by the commissioner. This instrument shall include assessment of the client's services identified as needed and provided to each client to address behavioral needs, integration into the community, ability to perform activities of daily living, medical and therapeutic needs, and other relevant factors determined by the commissioner. ~~The commissioner may adjust the program operating cost rates of facilities based on a comparison of client service characteristics, resource needs, and costs. The commissioner may adjust a facility's payment rate during the rate year when accumulated changes in the facility's average service units exceed the minimums established in the rules required by subdivision 3j. By January 30, 1994, the commissioner shall report to the legislature on:~~

- (1) the assessment process and scoring system utilized;
- (2) possible utilization of assessment information by facilities for management purposes; and
- (3) possible application of the assessment for purposes of adjusting the operating cost rates of facilities based on a comparison of client services characteristics, resource needs, and costs.

Sec. 110. Minnesota Statutes 1992, section 256B.501, subdivision 3i, is amended to read:

Subd. 3i. [SCOPE.] Subdivisions 3a to 3e and 3h do not apply to facilities whose payment rates are governed by Minnesota Rules, part 9553.0075.

Sec. 111. Minnesota Statutes 1992, section 256B.501, is amended by adding a subdivision to read:

Subd. 5a. [CHANGES TO ICF/MR REIMBURSEMENT.] The reimbursement rule changes in paragraphs (a) to (e) apply to Minnesota Rules, parts 9553.0010 to 9553.0080, and this section, and are effective for rate years beginning on or after October 1, 1993, unless otherwise specified.

- (a) The maximum efficiency incentive shall be \$1.50 per resident per day.
- (b) If a facility's capital debt reduction allowance is greater than 50 cents per resident per day, that facility's capital debt reduction allowance in excess of 50 cents per resident day shall be reduced by 25 percent.
- (c) Beginning with the biennial reporting year which begins January 1, 1993, a facility is no longer required to have a certified audit of its financial statements. The cost of a certified audit shall not be an allowable cost in that reporting year, nor in subsequent reporting years unless the facility submits its certified audited financial statements in the manner otherwise specified in this subdivision. A nursing facility which does not submit a certified audit must submit its working trial balance.
- (d) In addition to the approved pension or profit sharing plans allowed by the reimbursement rule, the commissioner shall allow those plans specified in Internal Revenue Code, sections 403(b) and 408(k).
- (e) The commissioner shall allow as workers' compensation insurance costs under this section, the costs of workers' compensation coverage obtained under the following conditions:

- (1) a plan approved by the commissioner of commerce as a Minnesota group or individual self-insurance plan as provided in sections 79A.03;

- (2) a plan in which:

- (i) the facility, directly or indirectly, purchases workers' compensation coverage in compliance with section 176.181, subdivision 2, from an authorized insurance carrier;

- (ii) a related organization to the facility reinsures the workers' compensation coverage purchased, directly or indirectly, by the facility; and

(iii) all of the conditions in clause (4) are met;

(3) a plan in which:

(i) the facility, directly or indirectly, purchases workers' compensation coverage in compliance with section 176.181, subdivision 2, from an authorized insurance carrier;

(ii) the insurance premium is calculated retrospectively, including a maximum premium limit, and paid using the paid loss retro method; and

(iii) all of the conditions in clause (4) are met;

(4) additional conditions are:

(i) the reserves for the plan are maintained in an account controlled and administered by a person which is not a related organization to the facility;

(ii) the reserves for the plan cannot be used, directly or indirectly, as collateral for debts incurred or other obligations of the facility or related organizations to the facility;

(iii) if the plan provides workers' compensation coverage for non-Minnesota facilities, the plan's cost methodology must be consistent among all facilities covered by the plan, and if reasonable, is allowed notwithstanding any reimbursement laws regarding cost allocation to the contrary;

(iv) central, affiliated, corporate, or nursing facility costs related to their administration of the plan are costs which must remain in the nursing facility's administrative cost category, and must not be allocated to other cost categories; and

(v) required security deposits, whether in the form of cash, investments, securities, assets, letters of credit, or in any other form are not allowable costs for purposes of establishing the facilities payment rate;

(5) any costs allowed pursuant to clauses (1) to (3) are subject to the following requirements:

(i) If the facility is sold or otherwise ceases operations, the plan's reserves must be subject to an actuarially based settle-up after 36 months from the date of sale or the date on which operations ceased. The facility's medical assistance portion of the total excess plan reserves must be paid to the state within 30 days following the date on which excess plan reserves are determined;

(ii) Any distribution of excess plan reserves made to or withdrawals made by the facility or a related organization are applicable credits and must be used to reduce the facility's workers' compensation insurance costs in the reporting period in which a distribution or withdrawal is received; and

(iii) If the plan is audited pursuant to the Medicare program, the facility must provide a copy of Medicare's final audit report, including attachments and exhibits, to the commissioner within 30 days of receipt by the facility or any related organization. The commissioner shall implement the audit findings associated with the plan upon receipt of Medicare's final audit report. The department's authority to implement the audit findings is independent of its authority to conduct a field audit; and

(6) the commissioner shall have authority to adopt emergency rules to implement this paragraph.

Sec. 112. Minnesota Statutes 1992, section 256B.501, subdivision 12, is amended to read:

Subd. 12. [ICF/MR SALARY ADJUSTMENTS.] For the rate period beginning January 1, 1992, and ending September 30, 1993, the commissioner shall add the appropriate salary adjustment cost per diem calculated in paragraphs (a) to (d) to the total operating cost payment rate of each facility. The salary adjustment cost per diem must be determined as follows:

(a) [COMPUTATION AND REVIEW GUIDELINES.] Except as provided in paragraph (c), a state-operated community service, and any facility whose payment rates are governed by closure agreements, receivership agreements, or Minnesota Rules, part 9553.0075, are not eligible for a salary adjustment otherwise granted under this subdivision. For purposes of the salary adjustment per diem computation and reviews in this subdivision, the term "salary adjustment cost" means the facility's allowable program operating cost category employee training expenses, and the facility's allowable salaries, payroll taxes, and fringe benefits. The term does not include these same salary-related costs for both administrative or central office employees.

For the purpose of determining the amount of salary adjustment to be granted under this subdivision, the commissioner must use the reporting year ending December 31, 1990, as the base year for the salary adjustment per diem computation. For the purpose of ~~each year's~~ both years' salary adjustment cost review, the commissioner must use the facility's salary adjustment cost for the reporting year ending December 31, 1991, as the base year. If the base year and the reporting year years subject to review include salary cost reclassifications made by the department, the commissioner must reconcile those differences before completing the salary adjustment per diem review.

(b) [SALARY ADJUSTMENT PER DIEM COMPUTATION.] For the rate period beginning January 1, 1992, each facility shall receive a salary adjustment cost per diem equal to its salary adjustment costs multiplied by 1-1/2 percent, and then divided by the facility's resident days.

(c) [ADJUSTMENTS FOR NEW FACILITIES.] For newly constructed or newly established facilities, except for state-operated community services, whose payment rates are governed by Minnesota Rules, part 9553.0075, if the settle-up cost report includes a reporting year which is subject to review under this subdivision, the commissioner shall adjust the rule provision governing the maximum settle-up payment rate by increasing the .4166 percent for each full month of the settle-up cost report to .7083. For any subsequent rate period which is authorized for salary adjustments under this subdivision, the commissioner shall compute salary adjustment cost per diems by annualizing the salary adjustment costs for the settle-up cost report period and treat that period as the base year for purposes of reviewing salary adjustment cost per diems.

(d) [SALARY ADJUSTMENT PER DIEM REVIEW.] The commissioner shall review the implementation of the salary adjustments on a per diem basis. For reporting years ending December 31, 1992, and December 31, 1993, the commissioner must review and determine the amount of change in salary adjustment costs in each both of the above reporting years over the base year after the reporting year ending December 31, 1993. ~~In the case of each review,~~ The commissioner must inflate the base year's salary adjustment costs by the cumulative percentage increase granted in paragraph (b), plus three percentage points for each of the two years reviewed. The commissioner must then compare each facility's salary adjustment costs for the reporting year divided by the facility's resident days for ~~that~~ both reporting year years to the base year's inflated salary adjustment cost divided by the facility's resident days for the base year. If the facility has had a one-time program operating cost adjustment settle-up during any of the reporting years subject to review, the commissioner must remove the per diem effect of the one-time program adjustment before completing the review and per diem comparison.

The review and per diem comparison must be done by the commissioner ~~each year following~~ after the reporting years subject to review year ending December 31, 1993. If the salary adjustment cost per diem for the reporting year years being reviewed is less than the base year's inflated salary adjustment cost per diem, the commissioner must recover the difference within 120 days after the date of written notice. The amount of the recovery shall be equal to the per diem difference multiplied by the facility's resident days in the reporting year years being reviewed. Written notice of the amount subject to recovery must be given by the commissioner following each both reporting year years reviewed. Interest charges must be assessed by the commissioner after the 120th day of that notice at the same interest rate the commissioner assesses for other balance outstanding.

Sec. 113. Minnesota Statutes 1992, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) For a person who is eligible under subdivision 3, paragraph (a), clause (3), general assistance medical care covers:

- (1) inpatient hospital services;
- (2) outpatient hospital services;
- (3) services provided by Medicare certified rehabilitation agencies;
- (4) prescription drugs and other products recommended through the process established in section 256B.0625, subdivision 13;
- (5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level;
- (6) eyeglasses and eye examinations provided by a physician or optometrist;

- (7) hearing aids;
 - (8) prosthetic devices;
 - (9) laboratory and X-ray services;
 - (10) physician's services;
 - (11) medical transportation;
 - (12) chiropractic services as covered under the medical assistance program;
 - (13) podiatric services;
 - (14) dental services;
 - (15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;
 - (16) day treatment services for mental illness provided under contract with the county board;
 - (17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;
 - (18) case management services for a person with serious and persistent mental illness who would be eligible for medical assistance except that the person resides in an institution for mental diseases;
 - (19) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments; and
 - (20) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision; and
 - (21) services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if the services are otherwise covered under this chapter as a physician service, and if the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171.
- (b) For a recipient who is eligible under subdivision 3, paragraph (a), clause (1) or (2), general assistance medical care covers the services listed in paragraph (a) with the exception of special transportation services.
- (c) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall consult with an independent actuary in establishing prepayment rates, but shall retain final control over the rate methodology.
- (d) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions.

For the period July 1, 1985, to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

For the period January 1, 1986, to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period January 1, 1987, to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period July 1, 1987, to June 30, 1988, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than five percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period July 1, 1988, to June 30, 1989, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may not be reduced. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(e) Any county may, from its own resources, provide medical payments for which state payments are not made.

(f) Chemical dependency services that are reimbursed under chapter 254B must not be reimbursed under general assistance medical care.

(g) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

(h) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

Sec. 114. Minnesota Statutes 1992, section 256D.03, subdivision 8, is amended to read:

Subd. 8. [PRIVATE INSURANCE POLICIES.] (a) Private accident and health care coverage for medical services is primary coverage and must be exhausted before general assistance medical care is paid. When a person who is otherwise eligible for general assistance medical care has private accident or health care coverage, including a prepaid health plan, the private health care benefits available to the person must be used first and to the fullest extent. ~~Supplemental payment may be made by general assistance medical care, but the combined total amount paid must not exceed the amount payable under general assistance medical care in the absence of other coverage. General assistance medical care must not make supplemental payment for covered services rendered by a vendor who~~

~~participates or contracts with any health coverage plan if the plan requires the vendor to accept the plan's payment as payment in full. General assistance medical care payment will not be made when either covered charges are paid in full by a third party or the provider has an agreement to accept payment for less than charges as payment in full. Payment for patients that are simultaneously covered by general assistance medical care and a liable third party other than Medicare will be determined as the lesser of clauses (1) to (3):~~

- ~~(1) the patient liability according to the provider/insurer agreement;~~
- ~~(2) covered charges minus the third party payment amount; or~~
- ~~(3) the general assistance medical care rate minus the third party payment amount.~~

A negative difference will not be implemented.

(b) When a parent or a person with an obligation of support has enrolled in a prepaid health care plan under section 518.171, subdivision 1, the commissioner of human services shall limit the recipient of general assistance medical care to the benefits payable under that prepaid health care plan to the extent that services available under general assistance medical care are also available under the prepaid health care plan.

(c) Upon furnishing general assistance medical care or general assistance to any person having private accident or health care coverage, or having a cause of action arising out of an occurrence that necessitated the payment of assistance, the state agency shall be subrogated, to the extent of the cost of medical care, subsistence, or other payments furnished, to any rights the person may have under the terms of the coverage or under the cause of action.

This right of subrogation includes all portions of the cause of action, notwithstanding any settlement allocation or apportionment that purports to dispose of portions of the cause of action not subject to subrogation.

(d) To recover under this section, the attorney general or the appropriate county attorney, acting upon direction from the attorney general, may institute or join a civil action to enforce the subrogation rights established under this section.

(e) The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable in damages, or otherwise obligated to pay part or all of the costs related to an injury when the state agency has paid or become liable for the cost of care or payments related to the injury. Notice must be given as follows:

(i) Applicants for general assistance or general assistance medical care shall notify the state or county agency of any possible claims when they submit the application. Recipients of general assistance or general assistance medical care shall notify the state or county agency of any possible claims when those claims arise.

(ii) A person providing medical care services to a recipient of general assistance medical care shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(iii) A person who is party to a claim upon which the state agency may be entitled to subrogation under this section shall notify the state agency of its potential subrogation claim before filing a claim, commencing an action, or negotiating a settlement. A person who is a party to a claim includes the plaintiff, the defendants, and any other party to the cause of action.

Notice given to the county agency is not sufficient to meet the requirements of paragraphs (b) and (c).

(f) Upon any judgment, award, or settlement of a cause of action, or any part of it, upon which the state agency has a subrogation right, including compensation for liquidated, unliquidated, or other damages, reasonable costs of collection, including attorney fees, must be deducted first. The full amount of general assistance or general assistance medical care paid to or on behalf of the person as a result of the injury must be deducted next and paid to the state agency. The rest must be paid to the public assistance recipient or other plaintiff. The plaintiff, however, must receive at least one-third of the net recovery after attorney fees and collection costs.

Sec. 115. Minnesota Statutes 1992, section 259.431, subdivision 5, is amended to read:

Subd. 5. [MEDICAL ASSISTANCE; DUTIES OF THE COMMISSIONER OF HUMAN SERVICES.] The commissioner of human services shall:

(a) Issue a medical assistance identification card to any child with special needs who is title IV-E eligible, or who is not title IV-E eligible but was determined by another state to have a special need for medical or rehabilitative care, and who is a resident in this state and is the subject of an adoption assistance agreement with another state when a certified copy of the adoption assistance agreement obtained from the adoption assistance state has been filed with the commissioner. The adoptive parents shall be required at least annually to show that the agreement is still in force or has been renewed.

(b) Consider the holder of a medical assistance identification card under this subdivision as any other recipient of medical assistance under chapter 256B; process and make payment on claims for the recipient in the same manner as for other recipients of medical assistance.

(c) Provide coverage and benefits for a child who is title IV-E eligible or who is not title IV-E eligible but was determined to have a special need for medical or rehabilitative care and who is in another state and who is covered by an adoption assistance agreement made by the commissioner for the coverage or benefits, if any, which is not provided by the resident state. The adoptive parents acting for the child may submit evidence of payment for services or benefit amounts not payable in the resident state and shall be reimbursed. However, there shall be no reimbursement for services or benefit amounts covered under any insurance or other third party medical contract or arrangement held by the child or the adoptive parents.

(d) Publish emergency and permanent rules implementing this subdivision. Such rules shall include procedures to be followed in obtaining prior approvals for services which are required for the assistance.

Sec. 116. Minnesota Statutes 1992, section 393.07, subdivision 3, is amended to read:

Subd. 3. [FEDERAL SOCIAL SECURITY.] The county welfare board shall be charged with the duties of administration of all forms of public assistance and public child welfare or other programs within the purview of the federal Social Security Act, other than public health nursing and home health services, and which now are, or hereafter may be, imposed on the commissioner of human services by law, of both children and adults. The duties of such county welfare board shall be performed in accordance with the standards and rules which may be promulgated by the commissioner of human services in order to achieve the purposes of the law and to comply with the requirements of the federal Social Security Act needed to qualify the state to obtain grants-in-aid available under that act. Notwithstanding the provisions of any other law to the contrary, the welfare board ~~may~~ shall delegate to the director the authority to determine eligibility and disburse funds without first securing board action, provided that the director shall present to the board, at the next scheduled meeting, any such action taken for ratification by the board.

Sec. 117. [514.980] [MEDICAL ASSISTANCE LIENS; DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 514.980 to 514.985.

Subd. 2. [MEDICAL ASSISTANCE AGENCY OR AGENCY.] "Medical assistance agency" or "agency" means the state or any county medical assistance agency that provides a medical assistance benefit.

Subd. 3. [MEDICAL ASSISTANCE BENEFIT.] "Medical assistance benefit" means a benefit provided under chapter 256B to a person while in a medical institution. A "medical institution" is defined as a nursing facility, intermediate care facility for persons with mental retardation, or inpatient hospital.

Sec. 118. [514.981] [MEDICAL ASSISTANCE LIEN.]

Subdivision 1. [PROPERTY SUBJECT TO LIEN; LIEN AMOUNT.] (a) Subject to sections 514.980 to 514.985, payments made by a medical assistance agency to provide medical assistance benefits to a medical assistance recipient who owns property in this state or to the recipient's spouse constitute a lien in favor of the agency upon all real property that is owned by the medical assistance recipient on or after the time when the recipient is institutionalized.

(b) The amount of the lien is limited to the same extent as a claim against the estate under section 256B.15, subdivision 2.

Subd. 2. [ATTACHMENT.] (a) A medical assistance lien attaches and becomes enforceable against specific real property as of the date when the following conditions are met:

- (1) payments have been made by an agency for a medical assistance benefit;
- (2) notice and an opportunity for a hearing have been provided under paragraph (b);
- (3) a lien notice has been filed as provided in section 514.982;
- (4) if the property is registered property, the lien notice has been memorialized on the certificate of title of the property affected by the lien notice; and
- (5) all restrictions against enforcement have ceased to apply.

(b) An agency may not file a medical assistance lien notice until the medical assistance recipient and the recipient's spouse or their legal representatives have been sent, by certified or registered mail, written notice of the agency's lien rights and there has been an opportunity for a hearing under section 256.045. In addition, the agency may not file a lien notice unless the agency determines as medically verified by the recipient's attending physician that the medical assistance recipient cannot reasonably be expected to be discharged from a medical institution and return home.

(c) An agency may not file a medical assistance lien notice against real property while it is the home of the recipient's spouse.

(d) An agency may not file a medical assistance lien notice against real property that was the homestead of the medical assistance recipient or the recipient's spouse when the medical assistance recipient received medical institution services if any of the following persons are lawfully residing in the property:

(1) a child of the medical assistance recipient if the child is under age 21 or is blind or permanently and totally disabled according to the supplemental security income criteria;

(2) a child of the medical assistance recipient if the child resided in the homestead for at least two years immediately before the date the medical assistance recipient received medical institution services, and the child provided care to the medical assistance recipient that permitted the recipient to live without medical institution services; or

(3) a sibling of the medical assistance recipient if the sibling has an equity interest in the property and has resided in the property for at least one year immediately before the date the medical assistance recipient began receiving medical institution services.

(e) A medical assistance lien applies only to the specific real property described in the lien notice.

Subd. 3. [CONTINUATION OF LIEN NOTICE AND LIEN.] A medical assistance lien notice remains effective from the time it is filed until it can be disregarded under sections 514.980 to 514.985. A medical assistance lien that has attached to specific real property continues until the lien is satisfied, becomes unenforceable under subdivision 6, or is released and discharged under subdivision 5.

Subd. 4. [LIEN PRIORITY.] A medical assistance lien that attaches to specific real property is subject to the rights of any other person whose interest in the real property is perfected before a lien notice has been filed under section 514.982, including:

- (a) an owner, other than the recipient or recipient's spouse;
- (b) a purchaser;
- (c) a holder of a mortgage or security interest; or
- (d) a judgment lien creditor.

The rights of the other person have the same protections against a medical assistance lien as are afforded against a judgment lien that arises out of an unsecured obligation and that arises as of the time of the filing of the medical assistance lien notice under section 514.982. A medical assistance lien is inferior to a lien for taxes or special assessments or other lien that would be superior to the perfected lien of a judgment creditor.

Subd. 5. [RELEASE.] (a) An agency that files a medical assistance lien notice shall release and discharge the lien in full if:

(1) the medical assistance recipient is discharged from the medical institution and returns home;

(2) the medical assistance lien is satisfied;

(3) the agency has received reimbursement for the amount secured by the lien or a legally enforceable agreement has been executed providing for reimbursement of the agency for that amount; or

(4) the medical assistance recipient, if single, or the recipient's surviving spouse, has died, and a claim may not be filed against the estate of the decedent under section 256B.15, subdivision 3.

(b) Upon request, the agency that files a medical assistance lien notice shall release a specific parcel of real property from the lien if:

(1) the property is or was the homestead of the recipient's spouse during the time of the medical assistance recipient's institutionalization, or the property is or was attributed to the spouse under section 256B.059, subdivision 3 or 4, and the spouse is not receiving medical assistance benefits;

(2) the property would be exempt from a claim against the estate under section 256B.15, subdivision 4;

(3) the agency receives reimbursement, or other collateral sufficient to secure payment of reimbursement, in an amount equal to the lesser of the amount secured by the lien, or the amount the agency would be allowed to recover upon enforcement of the lien against the specific parcel of property if the agency attempted to enforce the lien on the date of the request to release the lien; or

(4) the medical assistance lien cannot lawfully be enforced against the property because of an error, omission, or other material defect in procedure, description, identity, timing, or other prerequisite to enforcement.

(c) The agency that files a medical assistance lien notice may release the lien if the attachment or enforcement of the lien is determined by the agency to be contrary to the public interest.

(d) The agency that files a medical assistance lien notice shall execute the release of the lien and file the release as provided in section 514.982, subdivision 2.

Subd. 6. [TIME LIMITS; CLAIM LIMITS.] (a) A medical assistance lien is not enforceable against specific real property if any of the following occurs:

(1) the lien is not satisfied or proceedings are not lawfully commenced to foreclose the lien within 18 months of the agency's receipt of notice of the death of the medical assistance recipient or the death of the surviving spouse, whichever occurs later; or

(2) the lien is not satisfied or proceedings are not lawfully commenced to foreclose the lien within three years of the death of the medical assistance recipient or the death of the surviving spouse, whichever occurs later. This limitation is tolled during any period when the provisions of section 514.983, subdivision 2, apply to delay enforcement of the lien.

(b) A medical assistance lien is not enforceable against the real property of an estate to the extent there is a determination by a court of competent jurisdiction, or by an officer of the court designated for that purpose, that there are insufficient assets in the estate to satisfy the agency's medical assistance lien in whole or in part in accordance with the priority of claims established by chapters 256B and 524. The agency's lien remains enforceable to the extent that assets are available to satisfy the agency's lien, subject to the priority of other claims, and to the extent that the agency's claim is allowed against the estate under chapters 256B and 524.

Sec. 119. [514.982] [MEDICAL ASSISTANCE LIEN NOTICE.]

Subdivision 1. [CONTENTS.] A medical assistance lien notice must be dated and must contain:

(1) the full name, last known address, and social security number of the medical assistance recipient and the full name, address, and social security number of the recipient's spouse;

(2) a statement that medical assistance payments have been made to or for the benefit of the medical assistance recipient named in the notice, specifying the first date of eligibility for benefits;

(3) a statement that all interests in real property owned by the persons named in the notice may be subject to or affected by the rights of the agency to be reimbursed for medical assistance benefits; and

(4) the legal description of the real property upon which the lien attaches, and whether the property is registered property.

Subd. 2. [FILING.] Any notice, release, or other document required to be filed under sections 514.980 to 514.985 must be filed in the office of the county recorder or registrar of titles, as appropriate, in the county where the real property is located. Notwithstanding section 386.77, the agency shall pay the applicable filing fee for any document filed under sections 514.980 to 514.985. The commissioner of human services shall reimburse the county agency for filing fees paid under this section. An attestation, certification, or acknowledgment is not required as a condition of filing. Upon filing of a medical assistance lien notice, the registrar of titles shall record it on the certificate of title of each parcel of property described in the lien notice. The county recorder of each county shall establish an index of medical assistance lien notices, other than those that affect only registered property, showing the names of all persons named in the medical assistance lien notices filed in the county, arranged alphabetically. The index must be combined with the index of state tax lien notices. The filing or mailing of any notice, release, or other document under sections 514.980 to 514.985 is the responsibility of the agency. The agency shall send a copy of the medical assistance lien notice by registered or certified mail to each record owner and mortgagee of the real property.

Sec. 120. [514.983] [LIEN ENFORCEMENT; LIMITATION.]

Subdivision 1. [FORECLOSURE PROCEDURE.] Subject to subdivision 2, a medical assistance lien may be enforced by the agency that filed it by foreclosure in the manner provided for foreclosure of a judgment lien under chapter 550.

Subd. 2. [HOMESTEAD PROPERTY.] (a) A medical assistance lien may not be enforced against homestead property of the medical assistance recipient or the spouse while it remains the lawful residence of the medical assistance recipient's spouse.

(b) A medical assistance lien remains enforceable as provided in sections 514.980 to 514.985, notwithstanding any law limiting the enforceability of a judgment.

Sec. 121. [514.984] [LIEN DOES NOT AFFECT OTHER REMEDIES.]

Sections 514.980 to 514.985 do not limit the right of an agency to file a claim against the estate of a medical assistance recipient or the estate of the spouse or limit any other claim for reimbursement of agency expenses or the availability of any other remedy provided to the agency.

Sec. 122. [514.985] [AMOUNTS RECEIVED TO SATISFY LIEN.]

Amounts received by the state to satisfy a medical assistance lien filed by the state must be deposited in the state treasury and credited to the fund from which the medical assistance payments were made. Amounts received by a county medical assistance agency to satisfy a medical assistance lien filed by the county medical assistance agency must be deposited in the county treasury and credited to the fund from which the medical assistance payments were made.

Sec. 123. Laws 1992, chapter 513, article 7, section 131, is amended to read:

Sec. 131. [PHYSICIAN AND DENTAL REIMBURSEMENT.]

(a) The physician reimbursement increase provided in Minnesota Statutes, section 256B.74, subdivision 2, shall not be implemented. Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Health Care Finance Administration's common procedural coding system (HCPCS) codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," caesarean delivery and pharmacologic management provided to psychiatric patients, and HCPCS level three codes for enhanced services for prenatal high risk, shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992. If the rate on any procedure code within these categories is different than the rate that would have been paid under the methodology in Minnesota Statutes, section 256B.74, subdivision 2, then the larger rate shall be paid;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992; and

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases except that payment rates for home health agency services shall be the rates in effect on September 30, 1992.

(b) The dental reimbursement increase provided in Minnesota Statutes, section 256B.74, subdivision 5, shall not be implemented. Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992; and

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases.

(c) An entity that operates both a Medicare certified comprehensive outpatient rehabilitation facility and a facility which was certified prior to January 1, 1993, that is licensed under Minnesota Rules, parts 9570.2000 to 9570.3600, and for whom at least 33 percent of the clients receiving rehabilitation services in the most recent calendar year are medical assistance recipients, shall be reimbursed by the commissioner for rehabilitation services at rates that are 38 percent greater than the maximum reimbursement rate allowed under paragraph (a), clause (2), when those services are (1) provided within the comprehensive outpatient rehabilitation facility and (2) provided to residents of nursing facilities owned by the entity.

Sec. 124. Laws 1993, chapter 20, is amended by adding a section to read:

Sec. 7. [HOSPITAL REIMBURSEMENT FOR INPATIENT SERVICES.]

The commissioner may consider indigent care payments as disproportionate population adjustments for eligible hospitals, if so permitted by the secretary of health and human services.

Sec. 125. [REPORT ON LONG-TERM CARE INSURANCE.]

The interagency long-term care planning committee must report to the legislature by January 15, 1994, on the feasibility of implementing a long-term care insurance program. The report shall evaluate the potential impact on the medical assistance budget of allowing persons with at least two years of long-term care insurance coverage to waive the asset test for medical assistance eligibility, or of other incentives to encourage the purchase of long term care insurance. The report shall also evaluate the availability of private long-term care insurance, and the feasibility of state-sponsored long-term care insurance if inadequate private long-term care insurance exists.

Sec. 126. [REPORT ON HOSPITAL PEER GROUPING.]

The commissioner of human services shall report to the legislature by November 15, 1993, on the peer grouping plan developed under Minnesota Statutes, section 256.969, subdivision 24. The report shall describe the peer grouping plan in detail, including the variables used to create the groups and the treatment of operating cost differences that are not common to all hospitals. The report must also indicate how the peer grouping plan will affect each individual hospital. The commissioner shall form a task force of representatives from the department of human services and from the hospital industry to provide technical assistance in the development of the peer grouping plan.

Sec. 127. [PHYSICIAN SURCHARGE STUDY.]

The commissioner of human services, in cooperation with the commissioner of revenue, shall study and recommend to the legislature by January 15, 1994, a plan to replace the physician license surcharge with a surcharge on the tax levied on physicians under Minnesota Statutes, section 295.52. The plan must be designed to take effect July 1, 1994, and to raise an amount of revenue equal to the amount anticipated from the current surcharge.

Sec. 128. [STUDY OF BED REDISTRIBUTION.]

The interagency long-term care planning committee shall present to the legislature, by January 15, 1994, recommendations for redistributing existing nursing home beds and certified boarding care home beds to meet demographic need. The recommendations must include, but are not limited to, comment on the concepts of bed layaway and bed transfer. The interagency long-term care planning committee shall convene a task force comprised of providers, consumers, and state agency staff to develop these recommendations.

Sec. 129. [LEGISLATIVE INTENT.]

Sections 6 and 15, paragraph (b); and the amendment to paragraph (a), clause (3), in section 123, are intended to clarify, rather than to change, the original intent of the statutes amended.

Sec. 130. [WAIVER REQUEST TO LIMIT ASSET TRANSFERS.]

The commissioner of human services shall seek federal law changes and federal waivers necessary to implement the amendments to Minnesota Statutes, section 256B.0595.

Sec. 131. [NURSING HOME SURCHARGE DISCLOSURE.]

A nursing home licensed under Minnesota Statutes, chapter 144A, and not certified to participate in the medical assistance program shall include the following in 10-point type in any rate notice issued after the effective date of this section: THE NURSING HOME SURCHARGE THAT APPLIES TO THIS FACILITY EFFECTIVE OCTOBER 1, 1992, THROUGH JUNE 30, 1993, IS \$535 PER BED PER YEAR, OR \$1.47 PER DAY. THE SURCHARGE IS INCREASED EFFECTIVE JULY 1, 1993, TO \$620 PER BED PER YEAR, OR A TOTAL OF \$1.70 PER DAY AND EFFECTIVE JULY 1, 1994, TO \$625 PER BED PER YEAR, OR A TOTAL OF \$1.72 PER DAY. ANY RATE IN EXCESS OF THESE AMOUNTS IS NOT DUE TO THE NURSING HOME SURCHARGE.

Sec. 132. [REPORT TO THE LEGISLATURE.]

The commissioner of human services, in coordination with the commissioner of finance, shall study and report to the legislature by January 15, 1994, on the following: (1) recommendations on how to phase out provider surcharge collections, and (2) an evaluation of compliance by the commissioner of finance with the paragraph in Laws 1992, chapter 513, article 5, section 2, subdivision 1, which required the commissioner of finance to (i) prepare a biennial budget for fiscal years 1994-95 that did not include provider surcharge revenues in excess of the estimated costs associated with the MinnesotaCare program, and (ii) prepare a plan to phase out the non-MinnesotaCare surcharges by June 30, 1995.

Sec. 133. [ALTERNATIVE CARE PROGRAM PILOT PROJECTS.]

Subdivision 1. [PROJECT PURPOSE.] (a) By September 1, 1993, the commissioner of human services shall select up to six pilot projects for the alternative care program. The purpose of the pilot projects is to simplify program administration and reduce documentation, increase service flexibility, and more clearly identify program outcomes. The pilot projects must begin January 1, 1994, and expire June 30, 1995.

(b) Projects must be selected based on their ability to improve client outcomes, broaden service choices, and reduce average per client costs and administrative costs. If sufficient satisfactory applications are received, the commissioner shall approve three projects in the seven-county metropolitan area and three projects outside the metropolitan area. If sufficient satisfactory applications are not received, more than three projects may be approved in either the metropolitan or nonmetropolitan areas. Up to two projects may include SAIL counties.

Subd. 2. [TERMS.] A county or counties may apply to participate in the pilot project by submitting to the commissioner an amendment to the biennial plan that identifies measurable outcomes to be achieved under the pilot project. Participating counties shall determine the types of services to be reimbursed with alternative care program grant funds and any individual client reimbursement limits. Participating counties shall determine the payment rates for all services under the pilot project. Participating counties will maintain their average monthly alternative care expenditures per client at their calendar 1993 averages adjusted for any overall increase in the case mix complexity of their caseload. A county may spend up to five percent of grant funds for needed client services that are not listed under Minnesota Statutes, section 256B.0913, subdivision 5. The average expenditure per client in a pilot project must not exceed 75 percent of the statewide individual average nursing home costs.

Subd. 3. [DOCUMENTATION.] Beginning January 1, 1994, a county or counties participating in a pilot project shall not submit invoices for processing through the medical assistance management information system (MMIS) or other individual client service and reimbursement data for services delivered after December 31, 1993. A pilot project county must provide to the commissioner the minimum client-specific characteristics required to make nursing facility occupancy and alternative care program cost forecasts and the minimum client-specific data necessary for long-term care planning and alternative care pilot project evaluation. The client-specific characteristics must be submitted to the commissioner quarterly. The commissioner shall minimize the reporting required from counties.

Subd. 4. [FUNDING.] On March 1, 1994, and monthly thereafter until June 30, 1994, the commissioner shall issue to counties participating in the pilot projects an amount of money equal to one-sixth of each county's unexpended allocation of base and targeted alternative care appropriations under Minnesota Statutes, section 256B.0913, subdivisions 10 and 11. On July 1, 1994, and monthly thereafter, the commissioner shall issue an amount of money equal to one-twelfth of the fiscal year 1994 allocation. Additional targeted funds may be allocated based on the criteria established in Minnesota Statutes, section 256B.0913, to the extent that money is available. Targeted funds will be equally distributed over the remaining months of the fiscal year. Counties participating in the pilot projects must submit to the commissioner quarterly expenditure reports and reconcile the actual expenditure on September 1, 1995.

Subd. 5. [REPORT.] The commissioner must evaluate the pilot projects and report findings to the legislature by February 1, 1995. The report must evaluate client outcomes and service utilization, total spending and average per client costs, administrative cost reductions, changes in the types of services provided, and any border problems with contiguous nonpilot counties.

Sec. 134. [REPEALER.]

Minnesota Statutes 1992, section 252.478 is repealed.

Sec. 135. [EFFECTIVE DATES.]

Subdivision 1. Sections 7, 28, and 45 are effective the day following final enactment. Sections 12 and 131 are effective the day following final enactment.

Subd. 2. Section 127 is effective the day following final enactment.

Subd. 3. Section 126 is effective the day following final enactment.

Subd. 4. Section 35 is effective for transfers made for less than fair market value on or after July 1, 1993, or after the effective date of any applicable federal waivers, whichever is later, except that those portions of section 35 that may be implemented without federal waivers are effective for transfers made for less than fair market value on or after July 1, 1993.

Subd. 5. Section 32 is effective retroactive to October 1, 1992.

Subd. 6. Section 61, paragraph (c), is effective upon the receipt by the commissioner of human services of the requested waiver from the secretary of human services, for persons screened for admission to a nursing facility on or after the date the waiver is received.

Subd. 7. Sections 6 and 129 are effective the day following final enactment and apply to cases pending or brought on or after their effective date.

Subd. 8. Section 42 is effective retroactive to July 1, 1992.

Subd. 9. The definition of total premium revenue in section 15, paragraph (b), applies to all health maintenance organization surcharges effective October 1, 1992.

ARTICLE 6

FAMILY SELF-SUFFICIENCY
AND CHILD SUPPORT ENFORCEMENT

Section 1. Minnesota Statutes 1992, section 144.215, subdivision 3, is amended to read:

Subd. 3. [FATHER'S NAME; CHILD'S NAME.] In any case in which paternity of a child is determined by a court of competent jurisdiction, ~~or upon compliance with the provisions of a declaration of parentage is executed under section 257.55, subdivision 1, clause (e) 257.34, or a recognition of parentage is executed under section 257.75,~~ the name of the father shall be entered on the birth certificate. If the order of the court declares the name of the child, it shall also be entered on the birth certificate. If the order of the court does not declare the name of the child, or there is no court order, then upon the request of both parents in writing, the surname of the child shall be that of the father.

Sec. 2. Minnesota Statutes 1992, section 144.215, is amended by adding a subdivision to read:

Subd. 4. [SOCIAL SECURITY NUMBER REGISTRATION.] (a) Parents of a child born within this state shall give their social security numbers to the office of vital statistics at the time of filing the birth certificate, but the numbers shall not appear on the certificate.

(b) The social security numbers are classified as private data, as defined in section 13.02, subdivision 12, on individuals, but the office of vital statistics shall provide the social security number to the public authority responsible for child support services upon request by the public authority for use in the establishment of parentage and the enforcement of child support obligations.

Sec. 3. Minnesota Statutes 1992, section 256.032, subdivision 11, is amended to read:

Subd. 11. [SIGNIFICANT CHANGE.] "Significant change" means a ~~change in income available to the family so that the sum of the income and the grant for the current month would be less than the transitional standard as defined in subdivision 13~~ decline in gross income of 38 percent or more from the income used to determine the grant for the current month.

Sec. 4. Minnesota Statutes 1992, section 256.73, subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] Ownership by an assistance unit of property as follows is a bar to any allowance under sections 256.72 to 256.87:

(1) The value of real property other than the homestead, which when combined with other assets exceeds the limits of paragraph (2), unless the assistance unit is making a good faith effort to sell the nonexcludable real property. The time period for disposal must not exceed nine consecutive months and. The assistance unit ~~shall execute must sign~~ an agreement to dispose of the property and to repay assistance received during the nine months up to that would not have been paid had the property been sold at the beginning of such period, but not to exceed the amount of the net sale proceeds. The payment must be made when the property is sold family has five working days from the date it realizes cash from the sale of the property to repay the overpayment. If the property is not sold within the required time or the assistance unit becomes ineligible for any reason ~~the entire amount received during the nine months is an overpayment and subject to recovery during the nine-month period, the amount payable under the agreement will not be determined and recovery will not begin until the property is in fact sold. If the property is intentionally sold at less than fair market value or if a good faith effort to sell the property is not being made, the overpayment amount shall be computed using the fair market value determined at the beginning of the nine-month period.~~ For the purposes of this section, "homestead" means the home that is owned by, and is the usual residence of, the child, relative, or other member of the assistance unit together with the surrounding property which is not separated from the home by intervening property owned by others. "Usual residence" includes the home from which the child, relative, or other members of the assistance unit is temporarily absent due to an employability development plan approved by the local human service agency, which includes education, training, or job search within the state but outside of the immediate geographic area. Public rights-of-way, such as roads which run through the surrounding property and separate it from the home, will not affect the exemption of the property; or

(2) Personal property of an equity value in excess of \$1,000 for the entire assistance unit, exclusive of personal property used as the home, one motor vehicle of an equity value not exceeding \$1,500 or the entire equity value of a motor vehicle determined to be necessary for the operation of a self-employment business, one burial plot for each member of the assistance unit, one prepaid burial contract with an equity value of no more than \$1,000 for each member of the assistance unit, clothing and necessary household furniture and equipment and other basic maintenance items essential for daily living, in accordance with rules promulgated by and standards established by the commissioner of human services.

Sec. 5. Minnesota Statutes 1992, section 256.73, subdivision 3a, is amended to read:

Subd. 3a. [PERSONS INELIGIBLE.] No assistance shall be given under sections 256.72 to 256.87:

(1) on behalf of any person who is receiving supplemental security income under title XVI of the Social Security Act unless permitted by federal regulations;

(2) for any month in which the assistance unit's gross income, without application of deductions or disregards, exceeds 185 percent of the standard of need for a family of the same size and composition; except that the earnings of a dependent child who is a full-time student may be disregarded for six calendar months per calendar year and the earnings of a dependent child ~~who is a full-time student~~ that are derived from the jobs training and partnership act (JTPA) may be disregarded for six calendar months per calendar year. These two earnings disregards cannot be combined to allow more than a total of six months per calendar year when the earned income of a full-time student is derived from participation in a program under the JTPA. If a stepparent's income is taken into account in determining need, the disregards specified in section 256.74, subdivision 1a, shall be applied to determine income available to the assistance unit before calculating the unit's gross income for purposes of this paragraph;

(3) to any assistance unit for any month in which any caretaker relative with whom the child is living is, on the last day of that month, participating in a strike;

(4) on behalf of any other individual in the assistance unit, nor shall the individual's needs be taken into account for any month in which, on the last day of the month, the individual is participating in a strike;

(5) on behalf of any individual who is the principal earner in an assistance unit whose eligibility is based on the unemployment of a parent when the principal earner, without good cause, fails or refuses to accept employment, or to register with a public employment office, unless the principal earner is exempt from these work requirements.

Sec. 6. Minnesota Statutes 1992, section 256.73, subdivision 5, is amended to read:

Subd. 5. [AID FOR UNBORN CHILDREN PREGNANT WOMEN.] (a) For the purposes of sections 256.72 to 256.87, assistance payments shall be made ~~during the final three months of pregnancy~~ to a pregnant woman ~~who has with no other children but who otherwise qualifies for assistance except for medical assistance payments which shall be made at the time that pregnancy is confirmed by a physician if the pregnant woman has no other children and otherwise qualifies for assistance as provided in sections 256B.055 and 256B.056 who are receiving assistance.~~ It must be medically verified that the unborn child is expected to be born in the month the payment is made or within the three-month period following the month of payment. Eligibility must be determined as if the unborn child had been born and was living with her, considering the needs, income, and resources of all individuals in the filing unit. If eligibility exists for this fictional unit, the pregnant woman is eligible and her payment amount is determined based solely on her needs, income, including deemed income, and resources. No payments shall be made for the needs of the unborn or for any special needs occasioned by the pregnancy except as provided in ~~clause~~ paragraph (b). The commissioner of human services shall promulgate, pursuant to the administrative procedures act, rules to implement this subdivision.

(b) The commissioner may, according to rules, make payments for the purpose of meeting special needs occasioned by or resulting from pregnancy both for a pregnant woman with no other children ~~receiving assistance~~ as well as for a pregnant woman receiving assistance as provided in sections 256.72 to 256.87. The special needs payments shall be dependent upon the needs of the pregnant woman and the resources allocated to the county by the commissioner and shall be limited to payments for medically recognized special or supplemental diet needs and the purchase of a crib and necessary clothing for the future needs of the unborn child at birth. ~~The commissioner shall, according to rules, make payments for medically necessary prenatal care of the pregnant woman and the unborn child.~~

Sec. 7. Minnesota Statutes 1992, section 256.73, subdivision 8, is amended to read:

Subd. 8. [RECOVERY OF OVERPAYMENTS.] (a) If an amount of aid to families with dependent children assistance is paid to a recipient in excess of the payment due, it shall be recoverable by the county agency. The agency shall give written notice to the recipient of its intention to recover the overpayment.

(b) When an overpayment occurs, the county agency shall recover the overpayment from a current recipient by reducing the amount of aid payable to the assistance unit of which the recipient is a member for one or more monthly assistance payments until the overpayment is repaid. ~~For any month in which an overpayment must be recovered, recoupment may be made by reducing the grant but only if the reduced assistance payment, together with the assistance unit's total income after deducting work expenses as allowed under section 256.74, subdivision 1, clauses (3) and (4), equals at least 95 percent of the standard of need for the assistance unit, except that if the overpayment is due solely to agency error, this total after deducting allowable work expenses must equal at least 99 percent of the standard of need. Notwithstanding the preceding sentence, beginning on the date on which the commissioner implements a computerized client eligibility and information system in one or more counties, All county agencies in the state shall reduce the assistance payment by three percent of the assistance unit's standard of need or the amount of the monthly payment, whichever is less, for all overpayments whether or not the overpayment is due solely to agency error. If the overpayment is due solely to having wrongfully obtained assistance, whether based on a court order, the finding of an administrative fraud disqualification hearing or a waiver of such a hearing, or a confession of judgment containing an admission of an intentional program violation, the amount of this reduction shall be ten percent.~~ In cases when there is both an overpayment and underpayment, the county agency shall offset one against the other in correcting the payment.

(c) Overpayments may also be voluntarily repaid, in part or in full, by the individual, in addition to the above aid reductions, until the total amount of the overpayment is repaid.

(d) The county agency shall make reasonable efforts to recover overpayments to persons no longer on assistance in accordance with standards adopted in rule by the commissioner of human services. The county agency need not attempt to recover overpayments of less than \$35 paid to an individual no longer on assistance if the individual does not receive assistance again within three years, unless the individual has been convicted of fraud under section 256.98.

Sec. 8. [256.734] [WAIVER OF AFDC BARRIERS TO EMPLOYMENT.]

Subdivision 1. [REQUEST.] (a) The commissioner of human services shall seek from the United States Department of Health and Human Services a waiver of the existing requirements of the AFDC program as described below, in order to eliminate barriers to employment for AFDC recipients.

(b) The commissioner shall seek a waiver to set the maximum equity value of a licensed motor vehicle which can be excluded as a resource under United States Code, title 42, section 602(a)(7)(B), at \$4,500 because of the need of AFDC recipients for reliable transportation to participate in education, work, and training to become economically self-sufficient.

(c) The commissioner shall seek a waiver of the counting of the earned income of dependent children and minor caretakers who are attending school at least half time, in order to encourage them to save at least part of their earnings for future education or employment needs. Savings set aside in a separate account under this paragraph shall be excluded from the AFDC resource limits in Code of Federal Regulations, title 45, section 233.20(a)(3).

Subd. 2. [IMPLEMENTATION.] If approval from the Department of Health and Human Services indicates that the requested program changes are cost neutral to the federal government and the state, the commissioner shall implement the program changes authorized by this section promptly. If approval indicates that the program changes are not cost neutral, the commissioner shall report the costs to the 1994 legislature and delay implementation until such time as an appropriation to cover additional costs becomes available.

Subd. 3. [EVALUATION.] If the federal waiver is granted, the commissioner shall evaluate the program changes according to federal waiver requirements and submit a report to the legislature within a time frame consistent with the evaluation criteria that are established.

Sec. 9. Minnesota Statutes 1992, section 256.736, subdivision 10, is amended to read:

Subd. 10. [COUNTY DUTIES.] (a) To the extent of available state appropriations, county boards shall:

(1) refer all mandatory and eligible volunteer caretakers ~~required to register~~ permitted to participate under subdivision 3 3a to an employment and training service provider for participation in employment and training services;

(2) identify to the employment and training service provider ~~caretakers who fall into the targeted groups~~ the target group of which the referred caretaker is a member;

- (3) provide all caretakers with an orientation which meets the requirements in subdivisions 10a and 10b;
- (4) work with the employment and training service provider to encourage voluntary participation by caretakers in the ~~targeted~~ target groups;
- (5) work with the employment and training service provider to collect data as required by the commissioner;
- (6) to the extent permissible under federal law, require all caretakers coming into the AFDC program to attend orientation;
- (7) encourage ~~nontargeted~~ nontarget caretakers to develop a plan to obtain self-sufficiency;
- (8) notify the commissioner of the caretakers required to participate in employment and training services;
- (9) inform appropriate caretakers of opportunities available through the head start program and encourage caretakers to have their children screened for enrollment in the program where appropriate;
- (10) provide transportation assistance using available funds to caretakers who participate in employment and training programs;
- (11) ensure that orientation, job search, services to custodial parents under the age of 20, educational activities and work experience for AFDC-UP families, and case management services are made available to appropriate caretakers under this section, except that payment for case management services is governed by subdivision 13;
- (12) explain in its local service unit plan under section 268.88 how it will ensure that ~~targeted~~ target caretakers determined to be in need of social services are provided with such social services. The plan must specify how the case manager and the county social service workers will ensure delivery of needed services;
- (13) to the extent allowed by federal laws and regulations, provide a job search program as defined in subdivision 14 ~~and at least one of the following employment and training services: a community work experience program (CWEP) as defined in section 256.737, grant diversion as defined in section 256.739, and on-the-job training as defined in section 256.738, or. A county may also provide another work and training program approved by the commissioner and the secretary of the United States Department of Health and Human Services. Planning and approval for employment and training services listed in this clause must be obtained through submission of the local service unit plan as specified under section 268.88. Each county is urged to adopt grant diversion as the second program required under this clause. A county is not required to provide a community work experience program if the county agency is successful in placing at least 40 percent of the monthly average of all caretakers who are subject to the job search requirements of subdivision 14 in grant diversion or on-the-job training program;~~
- (14) prior to participation, provide an assessment of each AFDC recipient who is required or volunteers to participate in an approved employment and training service. The assessment must include an evaluation of the participant's (i) educational, child care, and other supportive service needs; (ii) skills and prior work experience; and (iii) ability to secure and retain a job which, when wages are added to child support, will support the participant's family. The assessment must also include a review of the results of the early and periodic screening, diagnosis and treatment (EPSDT) screening and preschool screening under chapter 123, if available; the participant's family circumstances; and, in the case of a custodial parent under the age of 18, a review of the effect of a child's development and educational needs on the parent's ability to participate in the program;
- (15) develop an employability development plan for each recipient for whom an assessment is required under clause (14) which: (i) reflects the assessment required by clause (14); (ii) takes into consideration the recipient's physical capacity, skills, experience, health and safety, family responsibilities, place of residence, proficiency, child care and other supportive service needs; (iii) is based on available resources and local employment opportunities; (iv) specifies the services to be provided by the employment and training service provider; (v) specifies the activities the recipient will participate in, including the worksite to which the caretaker will be assigned, if the caretaker is subject to the requirements of section 256.737, subdivision 2; (vi) specifies necessary supportive services such as child care; (vii) to the extent possible, reflects the preferences of the participant; and (viii) specifies the recipient's long-term employment goal which shall lead to self-sufficiency; ~~and~~

(16) obtain the written or oral concurrence of the appropriate exclusive bargaining representatives with respect to job duties covered under collective bargaining agreements to assure that no work assignment under this section or sections 256.737, 256.738, and 256.739 results in: (i) termination, layoff, or reduction of the work hours of an employee for the purpose of hiring an individual under this section or sections 256.737, 256.738, and 256.739; (ii) the hiring of an individual if any other person is on layoff from the same or a substantially equivalent job; (iii) any infringement of the promotional opportunities of any currently employed individual; (iv) the impairment of existing contracts for services or collective bargaining agreements; or (v) except for on-the-job training under section 256.738, a participant filling an established unfilled position vacancy; and

(17) assess each caretaker in an AFDC-UP family who is under age 25, has not completed high school or a high school equivalency program, and who would otherwise be required to participate in a work experience placement under section 256.737 to determine if an appropriate secondary education option is available for the caretaker. If an appropriate secondary education option is determined to be available for the caretaker, the caretaker must, in lieu of participating in work experience, enroll in and meet the educational program's participation and attendance requirements. "Secondary education" for this paragraph means high school education or education designed to prepare a person to qualify for a high school equivalency certificate, basic and remedial education, and English as a second language education. A caretaker required to participate in secondary education who, without good cause, fails to participate shall be subject to the provisions of subdivision 4a and the sanction provisions of subdivision 4, clause (6). For purposes of this clause, "good cause" means the inability to obtain licensed or legal nonlicensed child care services needed to enable the caretaker to attend, inability to obtain transportation needed to attend, illness or incapacity of the caretaker or another member of the household which requires the caretaker to be present in the home, or being employed for more than 30 hours per week.

(b) Funds available under this subdivision may not be used to assist, promote, or deter union organizing.

(c) A county board may provide other employment and training services that it considers necessary to help caretakers obtain self-sufficiency.

(d) Notwithstanding section 256G.07, when a ~~targeted target~~ caretaker relocates to another county to implement the provisions of the caretaker's case management contract or other written employability development plan approved by the county human service agency, its case manager or employment and training service provider, the county that approved the plan is responsible for the costs of case management and other services required to carry out the plan, including employment and training services. The county agency's responsibility for the costs ends when all plan obligations have been met, when the caretaker loses AFDC eligibility for at least 30 days, or when approval of the plan is withdrawn for a reason stated in the plan, whichever occurs first. Responsibility for the costs of child care must be determined under chapter 256H. A county human service agency may pay for the costs of case management, child care, and other services required in an approved employability development plan when the ~~nontargeted nontarget~~ caretaker relocates to another county or when a ~~targeted target~~ caretaker again becomes eligible for AFDC after having been ineligible for at least 30 days.

Sec. 10. Minnesota Statutes 1992, section 256.736, subdivision 10a, is amended to read:

Subd. 10a. [ORIENTATION.] (a) Each county agency must provide an orientation to all caretakers within its jurisdiction ~~who are determined eligible for AFDC on or after July 1, 1989, and who are required to attend an orientation. The county agency shall require attendance at orientation of all caretakers except in the time limits described in this paragraph:~~

(1) ~~caretakers who are exempt from registration under subdivision 3 within 60 days of being determined eligible for AFDC for caretakers with a continued absence or incapacitated parent basis of eligibility; and or~~

(2) ~~caretakers who are not within 30 days of being determined eligible for AFDC for caretakers with an unemployed parent basis of eligibility.~~

(b) Caretakers are required to attend an in-person orientation if the caretaker is a member of one of the groups listed in subdivision 3a, paragraph (a), and who are either responsible for the care of an incapacitated person or a dependent child under the age of six or enrolled at least half time in any recognized school, training program, or institution of higher learning unless the caretaker is exempt from registration under subdivision 3 and the caretaker's exemption basis will not expire within 60 days of being determined eligible for AFDC, or the caretaker is enrolled at least half time in any recognized school, training program, or institution of higher learning and the in-person orientation cannot be scheduled at a time that does not interfere with the caretaker's school or training schedule. The county agency shall require attendance at orientation of caretakers described in subdivision 3a, paragraph (b) or (c), if they become the commissioner determines that the groups are eligible for participation in employment and training services.

(b) ~~Except as provided in paragraph (e),~~ (c) The orientation must consist of a presentation that informs caretakers of:

(1) the identity, location, and phone numbers of employment and training and support services available in the county;

(2) the types and locations of child care services available through the county agency that are accessible to enable a caretaker to participate in educational programs or employment and training services;

(3) the child care resource and referral program designated by the commissioner providing education and assistance to select child care services and a referral to the child care resource and referral when assistance is requested;

(4) the obligations of the county agency and service providers under contract to the county agency;

(5) the rights, responsibilities, and obligations of participants;

(6) the grounds for exemption from mandatory employment and training services or educational requirements;

(7) the consequences for failure to participate in mandatory services or requirements;

(8) the method of entering educational programs or employment and training services available through the county;

(9) the availability and the benefits of the early and periodic, screening, diagnosis and treatment (EPSDT) program and preschool screening under chapter 123;

(10) their eligibility for transition year child care assistance when they lose eligibility for AFDC due to their earnings; and

(11) their eligibility for extended medical assistance when they lose eligibility for AFDC due to their earnings; and

(12) the availability and benefits of the Head Start program.

(e) (d) Orientation must encourage recipients to view AFDC as a temporary program providing grants and services to individuals who set goals and develop strategies for supporting their families without AFDC assistance. The content of the orientation must not imply that a recipient's eligibility for AFDC is time limited. Orientation may be provided through audio-visual methods, but the caretaker must be given an opportunity for face-to-face interaction with staff of the county agency or the entity providing the orientation, and an opportunity to express the desire to participate in educational programs and employment and training services offered through the county agency.

(d) (e) County agencies shall not require caretakers to attend orientation for more than three hours during any period of 12 continuous months. The county agency shall also arrange for or provide needed transportation and child care to enable caretakers to attend.

~~(e) Orientation for caretakers not eligible for participation in employment and training services under the provisions of subdivision 3a, paragraphs (a) and (b), shall present information only on those employment, training, and support services available to those caretakers, and information on clauses (2), (3), (9), (10), and (11) of paragraph (a) and all of paragraph (c), and may not last more than two hours. The county or, under contract, the county's employment and training service provider shall mail written orientation materials containing the information specified in paragraph (c), clauses (1) to (3) and (8) to (12), to each caretaker exempt from attending an in-person orientation or who has good cause for failure to attend after at least two dates for their orientation have been scheduled. The county or the county's employment and training service provider shall follow up with a phone call or in writing within two weeks after mailing the material.~~

(f) Persons required to attend orientation must be informed of the penalties for failure to attend orientation, support services to enable the person to attend, what constitutes good cause for failure to attend, and rights to appeal. Persons required to attend orientation must be offered a choice of at least two dates for their first scheduled orientation. No person may be sanctioned for failure to attend orientation until after a second failure to attend.

(g) Good cause for failure to attend an in-person orientation exists when a caretaker cannot attend because of:

(1) temporary illness or injury of the caretaker or of a member of the caretaker's family that prevents the caretaker from attending an orientation during the hours when the orientation is offered;

(2) a judicial proceeding that requires the caretaker's presence in court during the hours when orientation is scheduled; or

(3) a nonmedical emergency that prevents the caretaker from attending an orientation during the hours when orientation is offered. "Emergency" for the purposes of this paragraph means a sudden, unexpected occurrence or situation of a serious or urgent nature that requires immediate action.

(h) Caretakers must receive a second orientation only when:

(1) there has been a 30-day break in AFDC eligibility; and

(2) the caretaker has not attended an orientation within the previous 12-month period, excluding the month of reapplication for AFDC.

Sec. 11. Minnesota Statutes 1992, section 256.736, subdivision 14, is amended to read:

Subd. 14. [JOB SEARCH.] ~~(a) The commissioner of human services shall~~ Each county agency must establish and operate a job search program as provided under Public Law Number 100-485 this section. Unless exempt, the principal wage earner in an AFDC-UP assistance unit must be referred to and begin participation in the job search program within 30 days of being determined eligible for AFDC, and must begin participation within four months of being determined eligible. If the principal wage earner is exempt from participation in job search, the other caretaker must be referred to and begin participation in the job search program within 30 days of being determined eligible for AFDC. The principal wage earner or the other caretaker is exempt from job search participation if:

~~(1) the caretaker is already participating in another approved employment and training service;~~

~~(2) the caretaker's employability plan specifies other activities;~~

~~(3) the caretaker is exempt from registration under subdivision 3; or~~

~~(4) the caretaker is unable to secure employment due to inability to communicate in the English language, is participating in an English as a second language course, and is making satisfactory progress towards completion of the course. If an English as a second language course is not available to the caretaker, the caretaker is exempt from participation until a course becomes available~~ (2) the caretaker is under age 25, has not completed a high school diploma or an equivalent program, and is participating in a secondary education program as defined in subdivision 10, paragraph (a), clause (17), which is approved by the employment and training service provider in the employability development plan.

~~(b) The job search program must provide the following services:~~

~~(1) an initial period of up to four consecutive weeks of job search activities for no less than 20 hours per week but not more than 32 hours per week. The employment and training service provider shall specify for each participating caretaker the number of weeks and hours of job search to be conducted and shall report to the county board agency if the caretaker fails to cooperate with the job search requirement; and~~

~~(2) an additional period of job search following the first period at the discretion of the employment and training service provider. The total of these two periods of job search may not exceed eight weeks for any 12 consecutive month period beginning with the month of application.~~

~~(c) The job search program may provide services to non-AFDC-UP caretakers.~~

(d) After completion of job search requirements in this section, nonexempt caretakers shall be placed in and must participate in and cooperate with the work experience program under section 256.737, the on-the-job training program under section 256.738, or the grant diversion program under section 256.739. Caretakers must be offered placement in a grant diversion or on-the-job training program, if either such employment is available, before being required to participate in a community work experience program under section 256.737.

Sec. 12. Minnesota Statutes 1992, section 256.736, subdivision 16, is amended to read:

Subd. 16. [ALLOCATION AND USE OF MONEY.] (a) State money appropriated for employment and training services under this section must be allocated to counties as specified in paragraphs (b) to ~~(h)~~ (j).

(b) For purposes of this ~~section~~ subdivision, "targeted caretaker" means a recipient who:

(1) is a custodial parent under the age of 24 who: (i) has not completed a high school education and at the time of application for AFDC is not enrolled in high school or in a high school equivalency program; or (ii) had little or no work experience in the preceding year;

(2) is a member of a family in which the youngest child is within two years of being ineligible for AFDC due to age; or

(3) has received 36 months or more of AFDC over the last 60 months.

(c) One hundred percent of the money appropriated for case management services as described in subdivision 11 must be allocated to counties based on the average number of cases in each county described in clause (1). Money appropriated for employment and training services as described in subdivision 1a, paragraph (d), other than case management services, must be allocated to counties as follows:

(1) Forty percent of the state money must be allocated based on the average number of cases receiving AFDC in the county which either have been open for 36 or more consecutive months or have a caretaker who is under age 24 and who has no high school or general equivalency diploma. The average number of cases must be based on counts of these cases as of March 31, June 30, September 30, and December 31 of the previous year.

(2) Twenty percent of the state money must be allocated based on the average number of cases receiving AFDC in the county which are not counted under clause (1). The average number of cases must be based on counts of cases as of March 31, June 30, September 30, and December 31 of the previous year.

(3) Twenty-five percent of the state money must be allocated based on the average monthly number of assistance units in the county receiving AFDC-UP for the period ending December 31 of the previous year.

(4) Fifteen percent of the state money must be allocated at the discretion of the commissioner based on participation levels for ~~targeted~~ target group members in each county.

(d) No more than 15 percent of the money allocated under paragraph (b) and no more than 15 percent of the money allocated under paragraph (c) may be used for administrative activities.

(e) At least 55 percent of the money allocated to counties under paragraph (c) must be used for employment and training services for caretakers in the ~~targeted~~ target groups, and up to 45 percent of the money may be used for employment and training services for ~~nontargeted~~ nontarget caretakers. One hundred percent of the money allocated to counties for case management services must be used to provide those services to caretakers in the ~~targeted~~ target groups.

(f) Money appropriated to cover the nonfederal share of costs for bilingual case management services to refugees for the employment and training programs under this section are allocated to counties based on each county's proportion of the total statewide number of AFDC refugee cases. However, counties with less than one percent of the statewide number of AFDC refugee cases do not receive an allocation.

(g) Counties ~~and~~ the department of jobs and training, and entities under contract with either the department of jobs and training or the department of human services for provision of Project STRIDE related services shall bill the commissioner of human services for any expenditures incurred by the county, the county's employment and training service provider, or the department of jobs and training that may be reimbursed by federal money. The commissioner of human services shall bill the United States Department of Health and Human Services and the United States Department of Agriculture for the reimbursement and appropriate the reimbursed money to the county, the department of jobs and training, or employment and training service provider that submitted the original bill. The reimbursed money must be used to expand employment and training services.

(h) The commissioner of human services shall review county expenditures of case management and employment and training block grant money at the end of the ~~fourth~~ third quarter of the biennium and each quarter after that, and may reallocate unencumbered or unexpended money allocated under this section to those counties that can demonstrate a need for additional money. Reallocation of funds must be based on the formula set forth in paragraph (a), excluding the counties that have not demonstrated a need for additional funds.

(i) The county agency may continue to provide case management and supportive services to a participant for up to 90 days after the participant loses AFDC eligibility and may continue providing a specific employment and training service for the duration of that service to a participant if funds for the service are obligated or expended prior to the participant losing AFDC eligibility.

(j) One hundred percent of the money appropriated for an unemployed parent work experience program under section 256.737 must be allocated to counties based on the average monthly number of assistance units in the county receiving AFDC-UP for the period ending December 31 of the previous year.

Sec. 13. Minnesota Statutes 1992, section 256.736, is amended by adding a subdivision to read:

Subd. 19. [EVALUATION.] In order to evaluate the services provided under this section, the commissioner may randomly assign no more than 2,500 families to a control group. Families assigned to the control group shall not participate in services under this section, except that families participating in services under this section at the time they are assigned to the control group may continue such participation. Recipients assigned to the control group who are included under subdivision 3a, paragraph (a), shall be guaranteed child care assistance under chapter 256H for an educational plan authorized by the county. Once assigned to the control group, a family must remain in that group for the duration of the evaluation period. The evaluation period shall coincide with the demonstration authorized in section 256.031, subdivision 3.

Sec. 14. [256.7366] [FEDERAL WAIVER.]

The commissioner of human services shall make changes in the state plan and seek waivers or demonstration authority needed to minimize the barriers to effective and efficient use of grant diversion under section 256.739 as a method of placing AFDC recipients in suitable employment. The commissioner shall implement the federally approved changes as soon as possible.

Sec. 15. Minnesota Statutes 1992, section 256.737, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] In order that persons receiving aid under this chapter may be assisted in achieving self-sufficiency by enhancing their employability through meaningful work experience and training and the development of job search skills, the commissioner of human services shall continue the pilot community work experience demonstration programs that were approved by January 1, 1984. The commissioner may establish additional community work experience programs in as many counties as necessary to comply with the participation requirements of the Family Support Act of 1988, Public Law Number 100-485. Programs established on or after July 1, 1989, must be operated on a volunteer basis and must be operated according to the Family Support Act of 1988, Public Law Number 100-485. To the degree required by federal law or regulation, each county agency must establish and operate a community work experience program to assist nonexempt caretakers in AFDC-UP households achieve self-sufficiency by enhancing their employability through participation in meaningful work experience and training, the development of job search skills and the development of marketable job skills. This subdivision does not apply to AFDC recipients participating in the Minnesota family investment plan under sections 256.031 to 256.0361.

Sec. 16. Minnesota Statutes 1992, section 256.737, subdivision 1a, is amended to read:

Subd. 1a. [COMMISSIONER'S DUTIES.] The commissioner shall: (a) assist counties in the design and implementation of these programs; (b) promulgate, in accordance with chapter 14, emergency rules necessary for the implementation of this section, except that the time restrictions of section 14.35 shall not apply and the rules may be in effect until June 30, 1993, unless superseded by permanent rules; (c) seek any federal waivers necessary for proper implementation of this section in accordance with federal law; and (d) prohibit the use of participants in the programs to do work that was part or all of the duties or responsibilities of an authorized public employee bargaining unit position established as of January 1, 1989 1993. The exclusive bargaining representative shall be notified no less than 14 days in advance of any placement by the community work experience program. Written or oral concurrence with respect to job duties of persons placed under the community work experience program shall be obtained from the appropriate exclusive bargaining representative within seven days. The appropriate oversight committee shall be given monthly lists of all job placements under a community work experience program.

Sec. 17. Minnesota Statutes 1992, section 256.737, subdivision 2, is amended to read:

Subd. 2. [PROGRAM REQUIREMENTS.] (a) Programs, Worksites developed under this section are limited to projects that serve a useful public service such as: health, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, community service, services to aged or disabled citizens, and child care. To the extent possible, the prior training, skills, and experience of a recipient must be used in making appropriate work experience assignments.

(b) As a condition to placing a person receiving aid to families with dependent children in a program under this subdivision, the county agency shall first provide the recipient the opportunity to participate in the following services:

(1) for placement in suitable subsidized or unsubsidized employment through participation in job search under section 256.736, subdivision 14; or

(2) basic educational or vocational or occupational training for an identifiable job opportunity for placement in suitable employment through participation in on-the-job training under section 256.738 or grant diversion under section 256.739, if such employment is available.

(c) A recipient who has completed a caretaker referred to job search under section 256.736, subdivision 14, and who is unable has failed to secure suitable employment, and who is not enrolled in an approved training program may must participate in a community work experience program.

(d) The county agency shall limit the maximum number of hours any participant under this section may work in any month to:

(1) for counties operating an approved mandatory community work experience program as of January 1, 1993, who elect this method for countywide operations, a number equal to the amount of the aid to families with dependent children payable to the family divided by the greater of the federal minimum wage or the applicable state minimum wage; or

(2) for all other counties, a caretaker must participate in any week 20 hours with no less than 16 hours spent participating in a work experience placement and no more than four of the hours spent in alternate activities as described in the caretaker's employability development plan. Placement in a work experience worksite must be based on the assessment required under section 256.736 and the caretaker's employability development plan. Caretakers participating under this clause may be allowed excused absences from the assigned job site of up to eight hours per month. For the purposes of this clause, "excused absence" means absence due to temporary illness or injury of the caretaker or a member of the caretaker's family, the unavailability of licensed child care or transportation needed to participate in the work experience placement, a job interview, or a nonmedical emergency. For purposes of this clause, "emergency" has the meaning given it in section 256.736, subdivision 10a, paragraph (g).

(e) After a participant has been assigned to a position under this section paragraph (d), clause (1), for nine months, the participant may not continue in that assignment unless the maximum number of hours a participant works is no greater than the amount of the aid to families with dependent children payable with respect to the family divided by the higher of (1) the federal minimum wage or the applicable state minimum wage, whichever is greater, or (2) the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site.

(f) After each six months of a recipient's participation in an assignment, and at the conclusion of each assignment under this section, the county agency shall reassess and revise, as appropriate, each participant's employability development plan.

(g) Structured, supervised volunteer work with an agency or organization which is monitored by the county service provider may, with the approval of the commissioner of jobs and training, be used as a work experience placement.

Sec. 18. Minnesota Statutes 1992, section 256.737, is amended by adding a subdivision to read:

Subd. 3. [EXEMPTIONS.] A caretaker is exempt from participation in a work experience placement under this section if the caretaker is exempt from participation in job search under section 256.736, subdivision 14, or the caretaker is suitably employed in a grant diversion or an on-the-job training placement. Caretakers who, as of October 1, 1993, are participating in an education or training activity approved under a Project STRIDE employability development plan are exempt from participation in a work experience placement until July 1, 1994.

Sec. 19. Minnesota Statutes 1992, section 256.737, is amended by adding a subdivision to read:

Subd. 4. [GOOD CAUSE.] A caretaker shall have good cause for failure to cooperate if:

(1) the worksite participation adversely affects the caretaker's physical or mental health as verified by a physician, licensed or certified psychologist, physical therapist, vocational expert, or by other sound medical evidence; or

(2) the caretaker does not possess the skill or knowledge required for the work.

Sec. 20. Minnesota Statutes 1992, section 256.737, is amended by adding a subdivision to read:

Subd. 5. [FAILURE TO COMPLY.] A caretaker required to participate under this section who has failed without good cause to participate shall be provided with notices, appeal opportunities, and offered a conciliation conference under the provisions of section 256.736, subdivision 4a, and shall be subject to the sanction provisions of section 256.736, subdivision 4, clause (6).

Sec. 21. Minnesota Statutes 1992, section 256.737, is amended by adding a subdivision to read:

Subd. 6. [FEDERAL REQUIREMENTS.] If the Family Support Act of 1988, Public Law Number 100-485, is revised or if federal implementation of that law is revised so that Minnesota is no longer obligated to operate a mandatory work experience program for AFDC-UP families, the commissioner shall operate the work experience program under this section as a volunteer program, and shall utilize the funding authorized for work experience to improve and expand the availability of other employment and training services authorized under this section.

Sec. 22. Minnesota Statutes 1992, section 256.74, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The amount of assistance which shall be granted to or on behalf of any dependent child and mother or other needy eligible relative caring for the dependent child shall be determined by the county agency in accordance with rules promulgated by the commissioner and shall be sufficient, when added to all other income and support available to the child, to provide the child with a reasonable subsistence compatible with decency and health. The amount shall be based on the method of budgeting required in Public Law Number 97-35, section 2315, United States Code, title 42, section 602, as amended and federal regulations at Code of Federal Regulations, title 45, section 233. Nonrecurring lump sum income received by an assistance unit AFDC family must be budgeted in the normal retrospective cycle. ~~The number of months of ineligibility is determined by dividing the amount of the lump sum income and all other~~ When the family's income, after application of the applicable disregards, by exceeds the standard of need standard for the assistance unit family because of receipt of earned or unearned lump sum income, the family will be ineligible for the full number of months derived by dividing the sum of the lump sum income and other income by the monthly need standard for a family of that size. An amount Any income remaining after from this calculation is income in the first month following the period of eligibility ineligibility. ~~If the total monthly income including the lump sum income is larger than the standard of need for a single month~~ The first month of ineligibility is the payment month that corresponds with the budget month in which the lump sum income was received. For purposes of applying the lump sum provision, family includes those persons defined in the Code of Federal Regulations, title 45, section 233.20(a)(3)(ii)(F). A period of ineligibility must be shortened when the standard of need increases and the amount the family would have received also changes, an amount is documented as stolen, an amount is unavailable because a member of the family left the household with that amount and has not returned, an amount is paid by the family during the period of ineligibility to cover a cost that would otherwise qualify for emergency assistance, or the family incurs and pays for medical expenses which would have been covered by medical assistance if eligibility existed. In making its determination the county agency shall disregard the following from family income:

(1) all the earned income of each dependent child applying for AFDC if the child is a full-time student and all of the earned income of each dependent child receiving aid to families with dependent children AFDC who is a full-time student or is a part-time student, and who is not a full-time employee; A student is one who is attending a school, college, or university, or a course of vocational or technical training designed to fit students for gainful employment as well as and includes a participant in the Job Corps program under the Job Training Partnership Act (JTPA). The county agency shall also disregard all the earned income derived from the job training and partnership act (JTPA) for a of each dependent child for applying for or receiving AFDC when the income is derived from a program carried out under JTPA, except that disregard of earned income may not exceed six calendar months per calendar year, together with unearned income derived from the job training and partnership act;

(2) all educational grants and loans;

(3) the first \$90 of each individual's earned income. For self-employed persons, the expenses directly related to producing goods and services and without which the goods and services could not be produced shall be disregarded pursuant to rules promulgated by the commissioner;

(4) thirty dollars plus one-third of each individual's earned income for individuals found otherwise eligible to receive aid or who have received aid in one of the four months before the month of application. With respect to any month, the county welfare agency shall not disregard under this clause any earned income of any person who has: (a) reduced earned income without good cause within 30 days preceding any month in which an assistance payment is made; (b) refused without good cause to accept an offer of suitable employment; (c) left employment or reduced earnings without good cause and applied for assistance so as to be able later to return to employment with the advantage of the income disregard; or (d) failed without good cause to make a timely report of earned income in accordance with rules promulgated by the commissioner of human services. Persons who are already employed and who apply for assistance shall have their needs computed with full account taken of their earned and other income. If earned and other income of the family is less than need, as determined on the basis of public assistance standards, the county agency shall determine the amount of the grant by applying the disregard of income provisions. The county agency shall not disregard earned income for persons in a family if the total monthly earned and other income exceeds their needs, unless for any one of the four preceding months their needs were met in whole or in part by a grant payment. The disregard of \$30 and one-third of earned income in this clause shall be applied to the individual's income for a period not to exceed four consecutive months. Any month in which the individual loses this disregard because of the provisions of subclauses (a) to (d) shall be considered as one of the four months. An additional \$30 work incentive must be available for an eight-month period beginning in the month following the last month of the combined \$30 and one-third work incentive. This period must be in effect whether or not the person has earned income or is eligible for AFDC. To again qualify for the earned income disregards under this clause, the individual must not be a recipient of aid for a period of 12 consecutive months. When an assistance unit becomes ineligible for aid due to the fact that these disregards are no longer applied to income, the assistance unit shall be eligible for medical assistance benefits for a 12-month period beginning with the first month of AFDC ineligibility;

(5) an amount equal to the actual expenditures for the care of each dependent child or incapacitated individual living in the same home and receiving aid, not to exceed: (a) \$175 for each individual age two and older, and \$200 for each individual under the age of two, ~~when the family member whose needs are included in the eligibility determination is employed for 30 or more hours per week; or (b) \$174 for each individual age two or older, and \$199 for each individual under the age of two, when the family member whose needs are included in the eligibility determination is not employed throughout the month or when employment is less than 30 hours per week.~~ The dependent care disregard must be applied after all other disregards under this subdivision have been applied;

(6) the first \$50 per assistance unit of the monthly support obligation collected by the support and recovery (IV-D) unit. The first \$50 of periodic support payments collected by the public authority responsible for child support enforcement from a person with a legal obligation to pay support for a member of the assistance unit must be paid to the assistance unit within 15 days after the end of the month in which the collection of the periodic support payments occurred and must be disregarded when determining the amount of assistance. A review of a payment decision under this clause must be requested within 30 days after receiving the notice of collection of assigned support or within 90 days after receiving the notice if good cause can be shown for not making the request within the 30-day limit;

(7) that portion of an insurance settlement earmarked and used to pay medical expenses, funeral and burial costs, or to repair or replace insured property; and

(8) all earned income tax credit payments received by the family as a refund of federal income taxes or made as advance payments by an employer.

All payments made pursuant to a court order for the support of children not living in the assistance unit's household shall be disregarded from the income of the person with the legal obligation to pay support, provided that, if there has been a change in the financial circumstances of the person with the legal obligation to pay support since the support order was entered, the person with the legal obligation to pay support has petitioned for a modification of the support order.

Sec. 23. Minnesota Statutes 1992, section 256.78, is amended to read:

256.78 [ASSISTANCE GRANTS RECONSIDERED.]

All assistance granted under sections 256.72 to 256.87 shall be reconsidered as frequently as may be required by the rules of the state agency. After such further investigation as the county agency may deem necessary or the state agency may require, the amount of assistance may be changed or assistance may be entirely withdrawn if the state or county agency find that the child's circumstances have altered sufficiently to warrant such action. ~~The period of ineligibility for AFDC which results when an assistance unit receives lump sum income must be reduced when:~~

~~(1) the assistance unit's standard of need increases due to changes in state law or due to changes in the size or composition of the assistance unit, so that the amount of aid the assistance unit would have received would have increased had it not become ineligible;~~

~~(2) the lump sum income, or a portion of it becomes unavailable to the assistance unit due to expenditures to avoid a life threatening circumstance, theft, or dissipation which is beyond the family's control by a member of the family who is no longer part of the assistance unit when the lump sum income is not used to meet the needs of members of the assistance unit; or~~

~~(3) the assistance unit incurs and pays medical expenses for care and services specified in sections 256B.02, subdivision 8, and 256B.0625.~~

The county agency may for cause at any time revoke, modify, or suspend any order for assistance previously made. When assistance is thus revoked, modified, or suspended the county agency shall at once report to the state agency such decision together with supporting evidence required by the rules of the state agency. All such decisions shall be subject to appeal and review by the state agency as provided in section 256.045.

Sec. 24. Minnesota Statutes 1992, section 256.983, subdivision 3, is amended to read:

Subd. 3. [DEPARTMENT RESPONSIBILITIES.] The commissioner shall establish training programs which shall be attended by all investigative and supervisory staff of the involved county agencies. The commissioner shall also develop the necessary operational guidelines, forms, and reporting mechanisms, which shall be used by the involved county agencies. An individual's application or redetermination form shall include an authorization for release by the individual to obtain documentation for any information on that form which is involved in a fraud prevention investigation. The authorization for release would be effective until six months after public assistance benefits have ceased.

Sec. 25. Minnesota Statutes 1992, section 256B.056, subdivision 1a, is amended to read:

Subd. 1a. [INCOME AND ASSETS GENERALLY.] Unless specifically required by state law or rule or federal law or regulation, the methodologies used in counting income and assets to determine eligibility for medical assistance shall be as follows: (a) for persons whose eligibility category is based on blindness, disability, or age of 65 or more years, the methodologies for the supplemental security income program shall be used; ~~and (b),~~ except that payments made pursuant to a court order for the support of children shall be excluded from income in an amount not to exceed the difference between the applicable income standard used in the state's medical assistance program for aged, blind, and disabled persons and the applicable income standard used in the state's medical assistance program for families with children. Exclusion of court-ordered child support payments is subject to the condition that if there has been a change in the financial circumstances of the person with the legal obligation to pay support since the support order was entered, the person with the legal obligation to pay support has petitioned for modification of the support order. For families and children, which includes all other eligibility categories, the methodologies for the aid to families with dependent children program under section 256.73 shall be used. For these purposes, a "methodology" does not include an asset or income standard, or accounting method, or method of determining effective dates.

Sec. 26. Minnesota Statutes 1992, section 256D.01, subdivision 1a, is amended to read:

Subd. 1a. [STANDARDS.] (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.

(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 must also be increased by the same percentage.

(c) For an assistance unit consisting of a single adult who lives with a parent or parents, the general assistance standard of assistance 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, except that the standard 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, 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, the calculation methods, income deductions, exclusions, and disregards used when calculating the countable income for a single adult or childless couple must be used.

(d) For an assistance unit consisting of a childless couple, the standards of assistance 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, the standard of assistance for the other is the second adult standard of the aid to families with dependent children program.

(e) For an assistance unit consisting of all members of a family, the standards of assistance are the same as the standards of assistance 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 are the same as the standards of assistance that apply to an assistance unit composed of the entire family, less the standards of assistance 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. In no case shall the standard for family members who are in the assistance unit for general assistance, when combined with the standard for family members who are not in the general assistance unit, total more than the standard for the entire family if all members were in an AFDC assistance unit. A child 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 may not be counted in the determination of eligibility or benefit level for the assistance unit.

(f) An assistance unit consisting of one or more members of a family must have its grant determined using the policies and procedures of the aid to families with dependent children program, except that, until June 30, 1995, in cases where a county agency has developed or approved a case plan that includes reunification with the children, foster care maintenance payments made under state or local law for a child who is temporarily absent from the assistance unit must not be considered income to the child and the payments must not be counted in the determination of the eligibility or benefit level of the assistance unit. However Otherwise, the standard of assistance must be determined according to paragraph (e); the first \$50 of total child support received by an assistance unit in a month must be excluded and the balance counted as unearned income; and nonrecurring lump sums received by the family must be considered income in the month received and a resource in the following months.

Sec. 27. Minnesota Statutes 1992, section 256D.02, subdivision 5, is amended to read:

Subd. 5. "Family" means the applicant or recipient and the following persons who reside with the applicant or recipient:

(1) the applicant's spouse;

(2) any minor child of whom the applicant is a parent, stepparent, or legal custodian, and that child's minor siblings, including half-siblings and stepsiblings;

(3) the other parent of the applicant's minor child or children together with that parent's minor children, and, if that parent is a minor, his or her parents, stepparents, legal guardians, and minor siblings; and

(4) if the applicant or recipient is a minor, the minor's parents, stepparents, or legal guardians, and any other minor children for whom those parents, stepparents, or legal guardians are financially responsible.

A minor child who is temporarily absent from the applicant's or recipient's home due to placement in foster care paid for from state or local funds, but who is expected to return within six months of the month of departure, is considered to be residing with the applicant or recipient.

A "family" must contain at least one minor child and at least one of that child's natural or adoptive parents, stepparents, or legal custodians.

Sec. 28. Minnesota Statutes 1992, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 or 256D.051; or

(2)(i) who is a resident of Minnesota; and whose equity in assets is not in excess of \$1,000 per assistance unit. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. However, if a disregard of \$30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first \$50 of earned income is not allowed; or

(3) who would be eligible for medical assistance except that the person resides in a facility that is determined by the commissioner or the federal health care financing administration to be an institution for mental diseases.

(b) Eligibility is available for the month of application, and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

(c) General assistance medical care is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 30 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that

the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

(f)(1) Beginning October 1, 1993, an undocumented alien or a nonimmigrant is ineligible for general assistance medical care other than emergency services. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented alien is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service.

(2) This subdivision does not apply to a child under age 18, to a Cuban or Haitian entrant as defined in Public Law Number 96-422, section 501(e)(1) or (2)(a), or to an alien who is aged, blind, or disabled as defined in United States Code, title 42, section 1382c(a)(1).

(3) For purposes of paragraph (f), "emergency services" has the meaning given in Code of Federal Regulations, title 42, section 440.255(b)(1).

Sec. 29. Minnesota Statutes 1992, 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 county 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, including section 256D.05, subdivision 3, and section 256.01, subdivision 2, paragraph (16), to the end that general assistance may be administered as uniformly as possible throughout the state; rules shall be furnished immediately to all county agencies and other interested persons; in promulgating rules, the provisions of sections 14.001 to 14.69, shall apply;

(3) Allocate money appropriated for general assistance and general assistance medical care to county 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;

(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 county agency, and the activities of each county agency and publish such reports for the information of the public; and

(8) Specify requirements for general assistance and general assistance medical care reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17); and

(9) Ensure that every notice of eligibility for general assistance or work readiness includes a notice that women who are pregnant may be eligible for medical assistance benefits.

Sec. 30. Minnesota Statutes 1992, section 256D.05, is amended by adding a subdivision to read:

Subd. 8. [PERSONS INELIGIBLE.] (a) Beginning October 1, 1993, an undocumented alien or a nonimmigrant is ineligible for work readiness and general assistance benefits. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented alien is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service.

(b) This subdivision does not apply to a child under age 18, to a Cuban or Haitian entrant as defined in Public Law Number 96-422, section 501(e)(1) or (2)(a), or to an alien who is aged, blind, or disabled as defined in United States Code, title 42, section 1382c(a)(1).

Sec. 31. Minnesota Statutes 1992, section 256D.051, subdivision 1, is amended to read:

Subdivision 1. [WORK REGISTRATION.] (a) Except as provided in this subdivision, persons who are residents of the state and whose income and resources are less than the standard of assistance established by the commissioner, but who are not categorically eligible under section 256D.05, subdivision 1, are eligible for the work readiness program for a maximum period of six calendar months during any 12 consecutive calendar month period, subject to the provisions of paragraph (d), subdivision 3, and section 256D.052, subdivision 4. The person's eligibility period begins on the first day of the calendar month following the date of application for assistance or following the date all eligibility factors are met, whichever is later; however, the person may voluntarily continue to participate in work readiness services for up to three additional consecutive months immediately following the last month of benefits to complete the provisions of the person's employability development plan. After July 1, 1992, if orientation is available within three weeks after the date eligibility is determined, initial payment will not be made until the registrant attends orientation to the work readiness program. Prior to terminating work readiness assistance the county agency must provide advice on the person's eligibility for general assistance medical care and must assess the person's eligibility for general assistance under section 256D.05 to the extent possible, using information in the case file, and determine the person's eligibility for general assistance. A determination that the person is not eligible for general assistance must be stated in the notice of termination of work readiness benefits.

(b) Persons, families, and married couples who are not state residents but who are otherwise eligible for work readiness assistance may receive emergency assistance to meet emergency needs.

(c) Except for family members who must participate in work readiness services under the provisions of section 256D.05, subdivision 1, clause (44) (15), any person who would be defined for purposes of the food stamp program as being enrolled or participating at least half-time in an institution of higher education or a post-secondary program is ineligible for the work readiness program. Post-secondary education does not include the following programs: (1) high school equivalency; (2) adult basic education; (3) English as a second language; (4) literacy training; and (5) skill-specific technical training that has a course of study of less than three months, that is not paid for using work readiness funds, and that is specified in the work readiness employability development plan developed with the recipient prior to the recipient beginning the training course.

(d) Notwithstanding the provisions of sections 256.045 and 256D.10, during the pendency of an appeal, work readiness payments and services shall not continue to a person who appeals the termination of benefits due to exhaustion of the period of eligibility specified in paragraph (a) or (d).

Sec. 32. Minnesota Statutes 1992, section 256D.051, subdivision 6, is amended to read:

Subd. 6. [SERVICE COSTS.] The commissioner shall reimburse 92 percent of county agency expenditures for providing work readiness services including direct participation expenses and administrative costs, except as provided in section 256.017. State work readiness funds shall be used only to pay the county agency's and work readiness service provider's actual costs of providing participant support services, direct program services, and program administrative costs for persons who participate in work readiness services. ~~Beginning January 1, 1991, the average reimbursable cost per recipient must not exceed \$283 annually.~~ Beginning July 1, 1991, the average annual reimbursable cost for providing work readiness services to a recipient for whom an individualized employability development plan is not completed must not exceed \$60 for the work readiness services, and \$223 for necessary recipient support services such as transportation or child care needed to participate in work readiness services. If an individualized employability development plan has been completed, the average annual reimbursable cost for providing work readiness services must not exceed \$283, except that the total annual average reimbursable cost shall not exceed \$804 for recipients who participate in a pilot project work experience program under section 56, for all

services and costs necessary to implement the plan, including the costs of training, employment search assistance, placement, work experience, on-the-job training, other appropriate activities, the administrative and program costs incurred in providing these services, and necessary recipient support services such as tools, clothing, and transportation needed to participate in work readiness services. Beginning July 1, 1991, the state will reimburse counties, up to the limit of state appropriations, according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on or after January 1, 1991. Payment to counties under this subdivision is subject to the provisions of section 256.017.

Sec. 33. Minnesota Statutes 1992, section 257.54, is amended to read:

257.54 [HOW PARENT AND CHILD RELATIONSHIP ESTABLISHED.]

The parent and child relationship between a child and

(a) the biological mother may be established by proof of her having given birth to the child, or under sections 257.51 to 257.74 or section 257.75;

(b) the biological father may be established under sections 257.51 to 257.74 or section 257.75; or

(c) an adoptive parent may be established by proof of adoption.

Sec. 34. Minnesota Statutes 1992, section 257.541, is amended to read:

257.541 [CUSTODY AND VISITATION OF CHILDREN BORN OUTSIDE OF MARRIAGE.]

Subdivision 1. [MOTHER'S RIGHT TO CUSTODY.] The biological mother of a child born to a mother who was not married to the child's father neither when the child was born nor when the child was conceived has sole custody of the child until paternity has been established under sections 257.51 to 257.74, or until custody is determined in a separate proceeding under section 518.156.

Subd. 2. [FATHER'S RIGHT TO VISITATION AND CUSTODY.] (a) If paternity has been acknowledged under section 257.34 and paternity has been established under sections 257.51 to 257.74, the father's rights of visitation or custody are determined under sections 518.17 and 518.175.

(b) If paternity has not been acknowledged under section 257.34 and paternity has been established under sections 257.51 to 257.74, the biological father may petition for rights of visitation or custody in the paternity proceeding or in a separate proceeding under section 518.156.

Subd. 3. [FATHER'S RIGHT TO VISITATION AND CUSTODY; RECOGNITION OF PATERNITY.] If paternity has been recognized under section 257.75, the father may petition for rights of visitation or custody in an independent action under section 518.156. The proceeding must be treated as an initial determination of custody under section 518.17. The provisions of chapter 518 apply with respect to the granting of custody and visitation. These proceedings may not be combined with any proceeding under chapter 518B.

Sec. 35. Minnesota Statutes 1992, section 257.55, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 36. Minnesota Statutes 1992, section 257.57, subdivision 2, is amended to read:

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

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

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

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

Sec. 37. Minnesota Statutes 1992, section 257.59, subdivision 3, is amended to read:

Subd. 3. The action may be brought in the county in which the child or the ~~alleged father~~ defendant resides or is found or, if the ~~father~~ defendant is deceased, in which proceedings for probate of ~~his~~ the defendant's estate have been or could be commenced.

Sec. 38. Minnesota Statutes 1992, section 257.73, subdivision 1, is amended to read:

Subdivision 1. Upon compliance with the provisions of section 257.55, subdivision 1, clause (e), 257.75, or upon order of a court of this state or upon request of a court of another state, the local registrar of vital statistics shall prepare a new certificate of birth consistent with the acknowledgment or the findings of the court and shall substitute the new certificate for the original certificate of birth.

Sec. 39. Minnesota Statutes 1992, section 257.74, subdivision 1, is amended to read:

Subdivision 1. If a mother relinquishes or proposes to relinquish for adoption a child who has

(a) a presumed father under section 257.55, subdivision 1,

(b) a father whose relationship to the child has been determined by a court or established under section 257.75, or

(c) a father as to whom the child is a legitimate child under prior law of this state or under the law of another jurisdiction, the father shall be given notice of the adoption proceeding as provided in section 259.26.

Sec. 40. [257.75] [RECOGNITION OF PARENTAGE.]

Subdivision 1. [RECOGNITION BY PARENTS.] The mother and father of a child born to a mother who was not married to the child's father nor to any other man when the child was conceived nor when the child was born may, in a writing signed by both of them before a notary public and filed with the state registrar of vital statistics, state and acknowledge under oath that they are the biological parents of the child and wish to be recognized as the biological parents. The recognition must be in the form prepared by the commissioner of human services under subdivision 5.

Subd. 2. [REVOCAION OF RECOGNITION.] A recognition may be revoked in a writing signed by the mother or father before a notary public and filed with the state registrar of vital statistics within 30 days after the recognition is executed. Upon receipt of a revocation of the recognition of parentage, the state registrar of vital statistics shall forward a copy of the revocation to the nonrevoking parent.

Subd. 3. [EFFECT OF RECOGNITION.] Subject to subdivision 2 and section 257.55, subdivision 1, paragraph (g) or (h), the recognition has the force and effect of a judgment or order determining the existence of the parent and child relationship under section 257.66. If the conditions in section 257.55, subdivision 1, paragraph (g) or (h), exist, the recognition creates only a presumption of paternity for purposes of sections 257.51 to 257.74. Until an order is entered granting custody to another, the mother has sole custody. The recognition is:

(1) a basis for bringing an action to award custody or visitation rights to either parent, establishing a child support obligation, ordering a contribution by a parent under section 256.87, or ordering a contribution to the reasonable expenses of the mother's pregnancy and confinement, as provided under section 257.66, subdivision 3;

(2) determinative for all other purposes related to the existence of the parent and child relationship; and

(3) entitled to full faith and credit in other jurisdictions.

Subd. 4. [ACTION TO VACATE RECOGNITION.] An action to vacate a recognition of paternity may be brought by the mother, father, or child. A mother or father must bring the action within one year of the execution of the recognition or within six months after discovery of evidence in support of the action, whichever is later. A child must bring an action to vacate within six months of discovery of evidence, in support of the action or within one year of reaching the age of majority, whichever is later. If the court finds a prima facie basis for vacating the recognition, the court shall order the child, mother, and father to submit to blood tests. If the court issues an order for the taking of blood tests, the court shall require the party seeking to vacate the recognition to make advance payment for the costs of the blood tests. If the party fails to pay for the costs of the blood tests, the court shall dismiss the action to vacate with prejudice. The court may also order the party seeking to vacate the recognition to pay the other party's reasonable attorney fees, costs, and disbursements. If the results of the blood tests establish that the man who executed the recognition is not the father, the court shall vacate the recognition. The court shall terminate the obligation of a party to pay ongoing child support based on the recognition. A modification of child support based on a recognition may be made retroactive with respect to any period during which the moving party has pending a motion to vacate the recognition but only from the date of service of notice of the motion on the responding party.

Subd. 5. [RECOGNITION FORM.] The commissioner of human services shall prepare a form for the recognition of parentage under this section. In preparing the form, the commissioner shall consult with the individuals specified in subdivision 6. The recognition form must be drafted so that the force and effect of the recognition and the benefits and responsibilities of establishing paternity are clear and understandable. The form must include a notice regarding the finality of a recognition and the revocation procedure under subdivision 2. The form must include a provision for each parent to verify that the parent has read or viewed the educational materials prepared by the commissioner of human services describing the recognition of paternity. Each parent must receive a copy of the recognition.

Subd. 6. [PATERNITY EDUCATIONAL MATERIALS.] The commissioner of human services shall prepare educational materials for new and prospective parents that describe the benefits and effects of establishing paternity. The materials must include a description and comparison of the procedures for establishment of paternity through a recognition of parentage under this section and an adjudication of paternity under sections 257.51 to 257.74. The commissioner shall consider the use of innovative audio or visual approaches to the presentation of the materials to facilitate understanding and presentation. In preparing the materials, the commissioner shall consult with child advocates and support workers, battered women's advocates, social service providers, educators, attorneys, hospital representatives, and people who work with parents in making decisions related to paternity. The commissioner shall consult with representatives of communities of color. On and after January 1, 1994, the commissioner shall make the materials available without cost to hospitals, requesting agencies, and other persons for distribution to new parents.

Subd. 7. [HOSPITAL DISTRIBUTION OF EDUCATIONAL MATERIALS; RECOGNITION FORM.] Hospitals that provide obstetric services shall distribute the educational materials and recognition of parentage forms prepared by the commissioner of human services to new parents and shall assist parents in understanding the recognition of parentage form. On and after January 1, 1994, hospitals may not distribute the declaration of parentage forms.

Subd. 8. [NOTICE.] If the state registrar of vital statistics receives more than one recognition of parentage for the same child, the registrar shall notify both signatories on each recognition that the recognition is no longer final and that each man has only a presumption of paternity under section 257.55, subdivision 1.

Sec. 41. Minnesota Statutes 1992, section 388.23, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The county attorney, or any deputy or assistant county attorney whom the county attorney authorizes in writing, has the authority to subpoena and require the production of any records of telephone companies, cellular phone companies, paging 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, and records of the existence of safe deposit box account numbers and customer savings and checking account numbers maintained by financial institutions and safe deposit companies, insurance records relating to the monetary payment or settlement of claims, and wage and employment records of an applicant or recipient of public assistance who is the subject of a welfare fraud investigation relating to eligibility information for public assistance programs. Subpoenas may only be issued for records that are relevant to an ongoing legitimate law enforcement investigation or welfare fraud investigation and there is probable cause that a crime has been committed. This provision applies only to the records of business entities and does not extend to private individuals or their dwellings. Subpoenas may only be served by peace officers as defined by section 626.84, subdivision 1, paragraph (c).

Sec. 42. Minnesota Statutes 1992, section 393.07, subdivision 10, is amended to read:

Subd. 10. [FEDERAL FOOD STAMP PROGRAM.] (a) The county welfare board shall establish and administer the food stamp program pursuant to rules of the commissioner of human services, the supervision of the commissioner as specified in section 256.01, and all federal laws and regulations. The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate.

(b) On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate among families or eligible individuals, or comply with all federal laws and regulations governing the food stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.

(c) A person who commits any of the following acts has violated section 256.98 or 609.821, or both, and is subject to both the criminal and civil penalties provided under ~~that section~~ those sections:

(1) Obtains or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, or intentional concealment of a material fact, food stamps to which the person is not entitled or in an amount greater than that to which that person is entitled; or

(2) Presents or causes to be presented, coupons for payment or redemption knowing them to have been received, transferred or used in a manner contrary to existing state or federal law; or

(3) Willfully uses, possesses, or transfers food stamp coupons or authorization to purchase cards in any manner contrary to existing state or federal law, rules, or regulations; or

(4) Buys or sells food stamp coupons, authorization to purchase cards or other assistance transaction devices for cash or consideration other than eligible food.

(d) A peace officer or welfare fraud investigator may confiscate food stamps, authorization to purchase cards, or other assistance transaction devices found in the possession of any person who is neither a recipient of the food stamp program nor otherwise authorized to possess and use such materials. Confiscated property shall be disposed of as the commissioner may direct and consistent with state and federal food stamp law. The confiscated property must be retained for a period of not less than 30 days to allow any affected person to appeal the confiscation under section 256.045.

Sec. 43. Minnesota Statutes 1992, section 518.156, subdivision 1, is amended to read:

Subdivision 1. In a court of this state which has jurisdiction to decide child custody matters, a child custody proceeding is commenced:

(a) by a parent

(1) by filing a petition for dissolution or legal separation; or

(2) where a decree of dissolution or legal separation has been entered or where none is sought, or when paternity has been recognized under section 257.75, by filing a petition or motion seeking custody or visitation of the child in the county where the child is permanently resident or where the child is found or where an earlier order for custody of the child has been entered; or

(b) by a person other than a parent, where a decree of dissolution or legal separation has been entered or where none is sought by filing a petition or motion seeking custody or visitation of the child in the county where the child is permanently resident or where the child is found or where an earlier order for custody of the child has been entered. A person seeking visitation pursuant to this paragraph must qualify under one of the provisions of section 257.022.

Sec. 44. Minnesota Statutes 1992, section 518.551, subdivision 5, is amended to read:

Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] (a) The petitioner shall notify the public authority of all proceedings for dissolution, legal separation, determination of parentage or for the custody of a child, if either party is receiving aid to families with dependent children or applies for it subsequent to the commencement of the proceeding. After receipt of the notice, the court shall set child support as provided in this subdivision. The court may order either or both parents owing a duty of support to a child of the marriage to pay an amount reasonable or necessary for the child's support, without regard to marital misconduct. The court shall approve a child support stipulation of the parties if each party is represented by independent counsel, unless the stipulation does not meet the conditions of paragraph (h). In other cases the court shall determine and order child support in a specific dollar amount in accordance with the guidelines and the other factors set forth in paragraph (b) and any departure therefrom. The court may also order the obligor to pay child support in the form of a percentage share of the obligor's net bonuses, commissions, or other forms of compensation, in addition to, or if the obligor receives no base pay, in lieu of, an order for a specific dollar amount.

The court shall derive a specific dollar amount by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
\$400 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
\$401 - 500	14%	17%	20%	22%	24%	26%	28%
\$501 - 550	15%	18%	21%	24%	26%	28%	30%
\$551 - 600	16%	19%	22%	25%	28%	30%	32%
\$601 - 650	17%	21%	24%	27%	29%	32%	34%
\$651 - 700	18%	22%	25%	28%	31%	34%	36%
\$701 - 750	19%	23%	27%	30%	33%	36%	38%
\$751 - 800	20%	24%	28%	31%	35%	38%	40%
\$801 - 850	21%	25%	29%	33%	36%	40%	42%
\$851 - 900	22%	27%	31%	34%	38%	41%	44%
\$901 - 950	23%	28%	32%	36%	40%	43%	46%
\$951 - 1000	24%	29%	34%	38%	41%	45%	48%
\$1001 - 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of \$4,001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of \$4,000.

Net Income defined as:

Total monthly
income less

- *(i) Federal Income Tax
- *(ii) State Income Tax
- (iii) Social Security Deductions
- (iv) Reasonable Pension Deductions

*Standard
Deductions apply-
use of tax tables
recommended

- (v) Union Dues
- (vi) Cost of Dependent Health Insurance Coverage
- (vii) Cost of Individual or Group Health/Hospitalization Coverage or an Amount for Actual Medical Expenses
- (viii) A Child Support or Maintenance Order that is Currently Being Paid.

"Net income" does not include:

(1) the income of the obligor's spouse, but does include in-kind payments received by the obligor in the course of employment, self-employment, or operation of a business if the payments reduce the obligor's living expenses; or

(2) compensation received by a party for employment in excess of a 40-hour work week, provided that:

(i) support is nonetheless ordered in an amount at least equal to the guidelines amount based on income not excluded under this clause; and

(ii) the party demonstrates, and the court finds, that:

(A) the excess employment began after the filing of the petition for dissolution;

(B) the excess employment reflects an increase in the work schedule or hours worked over that of the two years immediately preceding the filing of the petition;

(C) the excess employment is voluntary and not a condition of employment;

(D) the excess employment is in the nature of additional, part-time or overtime employment compensable by the hour or fraction of an hour; and

(E) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation.

(b) In addition to the child support guidelines, the court shall take into consideration the following factors in setting or modifying child support:

(1) all earnings, income, and resources of the parents, including real and personal property, but excluding income from excess employment of the obligor or obligee that meets the criteria of paragraph (a), clause (2)(ii);

(2) the financial needs and resources, physical and emotional condition, and educational needs of the child or children to be supported;

(3) the standards of living the child would have enjoyed had the marriage not been dissolved, but recognizing that the parents now have separate households;

(4) the amount of the aid to families with dependent children grant for the child or children;

(5) which parent receives the income taxation dependency exemption and what financial benefit the parent receives from it; and

(6) the parents' debts as provided in paragraph (c); and

(7) the obligor's receipt of assistance under sections 256.72 to 256.87 or 256B.01 to 256B.40.

(c) In establishing or modifying a support obligation, the court may consider debts owed to private creditors, but only if:

(1) the right to support has not been assigned under section 256.74;

(2) the court determines that the debt was reasonably incurred for necessary support of the child or parent or for the necessary generation of income. If the debt was incurred for the necessary generation of income, the court shall consider only the amount of debt that is essential to the continuing generation of income; and

(3) the party requesting a departure produces a sworn schedule of the debts, with supporting documentation, showing goods or services purchased, the recipient of them, the amount of the original debt, the outstanding balance, the monthly payment, and the number of months until the debt will be fully paid.

(d) Any schedule prepared under paragraph (c), clause (3), shall contain a statement that the debt will be fully paid after the number of months shown in the schedule, barring emergencies beyond the party's control.

(e) Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18 months in duration, after which the support shall increase automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

(f) Where payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

(g) Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.

(h) The guidelines in this subdivision are a rebuttable presumption and shall be used in all cases when establishing or modifying child support. If the court does not deviate from the guidelines, the court shall make written findings concerning the amount of the obligor's income used as the basis for the guidelines calculation and any other significant evidentiary factors affecting the determination of child support. If the court deviates from the guidelines, the court shall make written findings giving the amount of support calculated under the guidelines, the reasons for the deviation, and shall specifically address the criteria in paragraph (b) and how the deviation serves the best interest of the child. The provisions of this paragraph apply whether or not the parties are each represented by independent counsel and have entered into a written agreement. The court shall review stipulations presented to it for conformity to the guidelines and the court is not required to conduct a hearing, but the parties shall provide the documentation of earnings required under subdivision 5b.

Sec. 45. Minnesota Statutes 1992, section 518.611, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] Whenever an obligation for support of a dependent child or maintenance of a spouse, or both, is determined and ordered by a court of this state, the amount of child support or maintenance as determined by court order must be withheld from the income, regardless of source, of the person obligated to pay the support or maintenance. Every order for maintenance or support must include:

(1) the obligor's social security number and date of birth and the name and address of the obligor's employer or other payor of funds; and

(2) provisions for the obligor to keep the public authority informed of the name and address of the obligor's current employer or payor of funds, and whether the obligor has access to employment-related health insurance coverage and, if so, the health insurance policy information.

Sec. 46. Minnesota Statutes 1992, section 518.611, subdivision 2, is amended to read:

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

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

(2) the custodial parent requests it by making a motion to the court; or

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

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

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

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

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

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

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

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

(c) ~~The obligor may, at any time, waive the written notice required by this subdivision.~~

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

(e) ~~(d)~~ Every order for support or maintenance shall provide for a conspicuous notice of the provisions of this subdivision. An order without this notice remains subject to this subdivision.

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

Sec. 47. Minnesota Statutes 1992, section 518.611, subdivision 6, is amended to read:

Subd. 6. [PRIORITY.] An order for withholding under this section or execution or garnishment upon a judgment for child support arrearages or preadjudicated expenses shall have priority over an attachment, execution, garnishment, or wage assignment and shall not be subject to the statutory limitations on amounts levied against the income of the obligor. Amounts withheld from an employee's income must not exceed the maximum permitted under the Consumer Credit Protection Act, United States Code, title 15, section 1673(b)(2). If there is more than one withholding order on a single employee, ~~the employer shall put them into effect, giving priority first to amounts currently due and not in arrears and then to other amounts, in the sequence in which the withholding orders were received up to the maximum allowed in the Consumer Credit Protection Act. the payor of funds shall comply with all of the orders to the extent that the total amount withheld from the payor's income does not exceed the limits imposed under the Consumer Credit Protection Act, giving priority to amounts designated in each order as current support as follows:~~

(1) If the total of the amounts designated in the orders as current support exceeds the amount available for income withholding, the payor of funds shall allocate to each order an amount for current support equal to the amount designated in that order as current support, divided by the total of the amounts designated in the orders as current support, multiplied by the amount of the income available for income withholding; and

(2) If the total of the amounts designated in the orders as current support does not exceed the amount available for income withholding, the payor of funds shall pay the amounts designated as current support, and shall allocate to each order an amount for past due support equal to the amount designated in that order as past due support, divided by the total of the amounts designated in the orders as past due support, multiplied by the amount of income remaining available for income withholding after the payment of current support.

Notwithstanding any law to the contrary, funds from income sources included in section 518.54, subdivision 6, whether periodic or lump sum, are not exempt from attachment or execution upon a judgment for child support arrearages.

Sec. 48. Minnesota Statutes 1992, section 518.611, is amended by adding a subdivision to read:

Subd. 12. [INTERSTATE INCOME WITHHOLDING.] Upon receipt of an order for support entered in another state, with the specified documentation from an authorized agency, the public authority shall implement income withholding under subdivision 2. If the obligor requests a hearing under subdivision 3 to contest withholding, the court administrator shall enter the order. Entry of the order shall not confer jurisdiction on the courts or administrative agencies of this state for any purpose other than contesting implementation of income withholding.

Sec. 49. Minnesota Statutes 1992, section 518.613, subdivision 2, is amended to read:

Subd. 2. [ORDER; COLLECTION SERVICES.] Every order for child support must include the obligor's social security number and date of birth and the name and address of the obligor's employer or other payor of funds. In addition, every order must contain provisions requiring the obligor to keep the public authority informed of the name and address of the obligor's current employer, or other payor of funds and whether the obligor has access to employment-related health insurance coverage and, if so, the health insurance policy information. Upon entry of the order for support or maintenance, the court shall mail a copy of the court's automatic income withholding order and the provisions of section 518.611 and this section to the obligor's employer or other payor of funds and to the public authority responsible for child support enforcement. An obligee who is not a recipient of public assistance ~~shall~~ must decide to either apply for the IV-D collection services of the public authority or obtain income withholding only services when an order for support is entered unless the requirements of this section have been waived under subdivision 7. ~~No later than January 1, 1990,~~ The supreme court shall develop a standard automatic income withholding form to be used by all Minnesota courts. This form shall be made a part of any order for support or decree by reference.

Sec. 50. Minnesota Statutes 1992, section 518.613, subdivision 3, is amended to read:

Subd. 3. [WITHHOLDING.] The employer or other payor shall withhold and forward the child support or maintenance ordered in the manner and within the time limits provided in section 518.611. Amounts received from employers or other payors under this section by the public agency responsible for child support enforcement that are in excess of public assistance received by the obligee must be remitted to the obligee. ~~The public agency must remit payments to the obligee at least once monthly on a standard payment date set by the agency.~~ A county in which this section applies may contract for services to carry out the provisions of this section.

Sec. 51. Minnesota Statutes 1992, section 518.613, subdivision 4, is amended to read:

Subd. 4. [APPLICATION.] ~~On and after August 1, 1989, this section applies in a county selected under Laws 1987, chapter 403, article 3, section 93, and in a county that chooses to have this section apply by resolution of a majority vote of its county board.~~ On and after November 1, 1990, this section applies to all child support and maintenance obligations that are initially ordered or modified on and after November 1, 1990, and that are being enforced by the public authority. Effective January 1, 1994, this section applies to all child support and maintenance obligations ordered or modified by the court. Those persons not applying for the public authority's IV-D services must pay a monthly service fee of \$15. The fee will be charged to the obligor in addition to the amount of the child support which was ordered by the court. Persons applying for the public authority's IV-D services will pay the service fee under section 518.551, subdivision 7.

Sec. 52. Minnesota Statutes 1992, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party or the child or children that are the subject of these proceedings; (3) receipt of assistance under sections 256.72 to 256.87 or 256B.01 to 256B.40; or (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair.

The terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if the application of the child support guidelines in section 518.551, subdivision 5, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least \$50 per month higher or lower than the current support order.

(b) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

(1) shall apply section 518.551, subdivision 5, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

- (i) the excess employment began after entry of the existing support order;
- (ii) the excess employment is voluntary and not a condition of employment;
- (iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;
- (iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;
- (v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and
- (vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(c) A modification of support or maintenance may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record. However, modification may be applied to an earlier period if the court makes express findings that the party seeking modification was precluded from serving a motion by reason of a significant physical or mental disability, a material misrepresentation of another party, or fraud upon the court and that the party seeking modification, when no longer precluded, promptly served a motion.

(d) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

- (e) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.
- (f) Section 518.14 shall govern the award of attorney fees for motions brought under this subdivision.

Sec. 53. Minnesota Statutes 1992, section 609.821, subdivision 1, is amended to read:

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

(a) "Financial transaction card" means any instrument or device, whether known as a credit card, credit plate, charge plate, courtesy card, bank services card, banking card, check guarantee card, debit card, electronic benefit system (EBS) card, electronic benefit transfer (EBT) card, assistance transaction card, or by any other name, issued with or without fee by an issuer for the use of the cardholder in obtaining credit, money, goods, services, public assistance benefits, or anything else of value, and includes the account or identification number or symbol of a financial transaction card.

(b) "Cardholder" means a person in whose name a card is issued.

(c) "Issuer" means a person or firm, or governmental agency, or a duly authorized agent or designee, that issues a financial transaction card.

(d) "Property" includes money, goods, services, public assistance benefit, or anything else of value.

(e) "Public assistance benefit" means any money, goods or services, or anything else of value, issued under chapters 256, 256B, 256D, or section 393.07, subdivision 10.

Sec. 54. Minnesota Statutes 1992, section 609.821, subdivision 2, is amended to read:

Subd. 2. [VIOLATIONS; PENALTIES.] A person who does any of the following commits financial transaction card fraud:

(1) without the consent of the cardholder, and knowing that the cardholder has not given consent, uses or attempts to use a card to obtain the property of another, or a public assistance benefit issued for the use of another;

(2) uses or attempts to use a card knowing it to be forged, false, fictitious, or obtained in violation of clause (6);

(3) sells or transfers a card knowing that the cardholder and issuer have not authorized the person to whom the card is sold or transferred to use the card, or that the card is forged, false, fictitious, or was obtained in violation of clause (6);

(4) without a legitimate business purpose, and without the consent of the cardholders, receives or possesses, with intent to use, or with intent to sell or transfer in violation of clause (3), two or more cards issued in the name of another, or two or more cards knowing the cards to be forged, false, fictitious, or obtained in violation of clause (6);

(5) being authorized by an issuer to furnish money, goods, services, or anything else of value, knowingly and with an intent to defraud the issuer or the cardholder:

(i) furnishes money, goods, services, or anything else of value upon presentation of a financial transaction card knowing it to be forged, expired, or revoked, or knowing that it is presented by a person without authority to use the card; or

(ii) represents in writing to the issuer that the person has furnished money, goods, services, or anything else of value which has not in fact been furnished;

(6) upon applying for a financial transaction card to an issuer, or for a public assistance benefit which is distributed by means of a financial transaction card:

(i) knowingly gives a false name or occupation; ~~or~~

(ii) knowingly and substantially overvalues assets or substantially undervalues indebtedness for the purpose of inducing the issuer to issue a financial transaction card; or

(iii) knowingly makes a false statement or representation for the purpose of inducing an issuer to issue a financial transaction card used to obtain a public assistance benefit;

(7) with intent to defraud, falsely notifies the issuer or any other person of a theft, loss, disappearance, or nonreceipt of a financial transaction card; or

(8) without the consent of the cardholder and knowing that the cardholder has not given consent, falsely alters, makes, or signs any written document pertaining to a card transaction to obtain or attempt to obtain the property of another.

Sec. 55. [PILOT PROJECT; WORK EXPERIENCE COMPONENT OF WORK READINESS.]

Subdivision 1. [DUTIES OF COMMISSIONER.] The commissioner of human services may establish a pilot project to implement the work experience component in subdivision 2 for persons participating in work readiness. The commissioner may select one county within the seven-county metropolitan area and one or more counties outside the seven-county metropolitan area to participate in the pilot project. The commissioner may grant waivers to any county, whether or not it is selected, to establish and implement a comprehensive work readiness pilot project. The commissioner shall allocate a proportionate number of participant slots to each pilot county based on the amount of funding available and the estimated per participant cost. Pilot counties shall assign recipients to participate in the project who have no recent work experience or local work reference on a first-come, first-served basis, or who the county determines will benefit from the work experience component by improving their employability. Recipients assigned to project participation shall be eligible for work readiness benefits and services for a maximum period of eight months during any 12-consecutive-calendar-month period rather than the six-month period specified in Minnesota Statutes, section 256D.051, subdivision 1. The work experience pilot project may not begin before January 1, 1994. The funds for the project are limited to the amount appropriated by the legislature.

Subd. 2. [WORK EXPERIENCE COMPONENT.] (a) The purpose of the pilot project is to develop a work experience component that helps recipients achieve self-sufficiency.

(b) Recipients selected to participate in the pilot project must cooperate with all work readiness requirements, including the requirement to participate in a work experience component. Work readiness recipients who would be required to participate in the work experience component for less than eight hours per month under the provisions of paragraph (d), or who are attending high school, or who are functionally illiterate and participating in literacy training, and family general assistance recipients who are required to participate in work readiness services under Minnesota Statutes, section 256D.05, subdivision 1, clause (15), may not participate in the pilot project and must instead participate in standard work readiness employment and training services.

(c) Selected recipients shall be referred to the work experience component at the end of their third month of work readiness eligibility and must participate in the component until the recipient finds suitable employment or until work readiness benefits terminate. Permanent suitable employment offered through grant diversion under Minnesota Statutes, section 256D.09, subdivision 3, during this time period shall substitute for work experience participation. The participant's employability development plan must specify the type of work experience position the recipient will be placed in, the beginning date of mandatory participation in work experience, and identify other services necessary to help the participant become employed, including the requirement to participate for a minimum of eight hours per week in job search activities if the participant is not suitably employed.

(d) Each project recipient is required to participate in a work experience job placement for that number of hours calculated by dividing the assistance unit's work readiness assistance payment by the state minimum wage. The county shall provide for a participant's support services costs of transportation, child care, and other work related expenses incurred in order to participate in the work experience activity.

(e) The county shall assign work to the participant that the participant is able to perform. Work experience positions may be developed with public and private nonprofit employers. Structured, supervised volunteer work with an agency or organization which is monitored by the county service provider may be used as a work experience placement. The county must provide workers' compensation or other comparable protection for a work experience participant. A participant is not eligible for unemployment compensation, and is not an employee of the state of Minnesota within the meaning of Minnesota Statutes, section 43A.02, subdivision 2. The commissioner of jobs and training shall assist in the design and implementation of the work experience program.

(f) An eligible employer may not terminate, lay off, or reduce the regular working hours of an employee for the purpose of hiring an individual with money available under this program. An eligible employer may not hire an individual with money available through this program if any other person is on layoff from the same or substantially equivalent job or to fill an established vacant position. Written or oral concurrence shall be obtained from the appropriate exclusive bargaining representative with respect to job duties covered under collective bargaining agreements.

(g) Recipients assigned to a work experience placement must participate and cooperate in the placement and meet all work readiness requirements. The county shall terminate assistance payments provided under this section as specified in Minnesota Statutes, section 256D.051, subdivision 1a, for a nonexempt recipient who refuses without good cause to participate in a work experience placement.

(h) The commissioner shall provide a report to the legislature on the operation of the pilot project by March 1, 1995.

Subd. 3. [EXPIRATION DATE.] The pilot projects established under this section terminate on June 30, 1995.

Sec. 56. [REPEALER.]

Minnesota Statutes 1992, section 256.985 is repealed.

Sec. 57. [EFFECTIVE DATES.]

Subdivision 1. Section 40, subdivisions 5 and 6, is effective the day following final enactment. All other subdivisions in section 40 are effective January 1, 1994.

Subd. 2. Sections 53 and 54 are effective for crimes committed on or after July 1, 1993.

Subd. 3. Sections 7 and 9 to 21 are effective October 1, 1993.

Subd. 4. Sections 1, 33 to 39, and 47 are effective January 1, 1994.

ARTICLE 7

REGIONAL TREATMENT CENTERS
AND MENTAL HEALTH ADMINISTRATION

Section 1. [245.037] [LEASES FOR REGIONAL TREATMENT CENTER AND STATE NURSING HOME PROPERTY.]

Notwithstanding any law to the contrary, money collected as rent under section 16B.24, subdivision 5, for state property at any of the regional treatment centers or state nursing home facilities administered by the commissioner of human services is dedicated to the regional treatment center or state nursing home from which it is generated. Any balance remaining at the end of the fiscal year shall not cancel and is available until expended.

Sec. 2. Minnesota Statutes 1992, section 245.462, subdivision 4, is amended to read:

Subd. 4. [CASE MANAGER.] "Case manager" means an individual employed by the county or other entity authorized by the county board to provide case management services specified in section 245.4711. 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 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 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 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~~ 1996, 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.

Sec. 3. Minnesota Statutes 1992, section 245.462, subdivision 20, is amended to read:

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) An "adult with acute mental illness" means 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 an adult who has a mental illness and meets at least one of the following criteria:

(1) the adult has undergone two or more episodes of inpatient care for a mental illness within the preceding 24 months;

(2) the adult has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months' duration within the preceding 12 months;

(3) the 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, in the last three years, stating that the 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 case management or community support services program is~~ are provided; ~~or~~

(4) the adult has, in the last three years, been committed by a court as a mentally ill person under chapter 253B, or the adult's commitment has been stayed or continued; or

(5) the adult (i) was eligible under clauses (1) to (4), but the specified time period has expired or the adult was eligible as a child under section 245.4871, subdivision 6; and (ii) has a written opinion from a mental health professional, in the last three years, stating that the adult is reasonably likely to have future episodes requiring inpatient or residential treatment, of a frequency described in clause (1) or (2), unless ongoing case management or community support services are provided.

Sec. 4. Minnesota Statutes 1992, section 245.464, subdivision 1, is amended to read:

Subdivision 1. [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 including state-operated services offered at sites outside of the regional treatment centers. The commissioner shall review the adult mental health component of the community social services plan 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 component of the community social services plan and other information as required by sections 245.461 to 245.486.

Sec. 5. Minnesota Statutes 1992, 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 or with any state facility or program as defined in section 246.50, subdivision 3, 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 adult mental health component of the community social services plan approved by the commissioner under section 245.478.

Sec. 6. Minnesota Statutes 1992, 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 adults with mental illness throughout the state who need this level of care. Inpatient services may be provided either on the regional treatment center campus or at any state facility or program as defined in section 246.50, subdivision 3. Services must be as close to the patient's county of residence as possible. Regional treatment centers are responsible to:

- (1) provide acute care inpatient hospitalization;
- (2) stabilize the medical and mental health condition of the adult requiring the admission;
- (3) improve functioning to the point where discharge to community-based mental health services is possible;
- (4) strengthen family and community support; and
- (5) facilitate appropriate discharge and referrals for follow-up mental health care in the community.

Subd. 2. [QUALITY OF SERVICE.] The commissioner shall biennially determine the needs of all adults with mental illness who are served by regional treatment centers or at any state facility or program as defined in section 246.50, subdivision 3, 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 and the types of state-operated services needed. 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 and other inpatient facilities or programs, as defined in section 246.50, subdivision 3, 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. 7. Minnesota Statutes 1992, section 245.484, is amended to read:

245.484 [RULES.]

The commissioner shall adopt emergency rules to govern implementation of case management services for eligible children in section 245.4881 and professional home-based family treatment services for medical assistance eligible children, in section 245.4884, subdivision 3, by January 1, 1992, and must adopt permanent rules by January 1, 1993.

The commissioner shall adopt permanent rules as necessary to carry out sections 245.461 to 245.486 and 245.487 to 245.4888. The commissioner shall reassign agency staff as necessary to meet this deadline.

By January 1, ~~1993~~ 1994, the commissioner shall adopt permanent rules specifying program requirements for family community support services.

Sec. 8. Minnesota Statutes 1992, section 245.4871, subdivision 4, is amended to read:

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~~ 1996, 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.

Sec. 9. Minnesota Statutes 1992, section 245.4873, subdivision 2, is amended to read:

Subd. 2. [STATE LEVEL; COORDINATION.] The state coordinating council consists of 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, and the director or designee of the director of the office of strategic and long-range planning. The members of the council shall annually alternate chairing the council beginning with the commissioner of human services and proceeding in the order as listed in this subdivision. The council shall meet at least quarterly 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) ~~until February 15, 1992, 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 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 perform the duties required under sections 245.494 to 245.496.

Sec. 10. Minnesota Statutes 1992, section 245.4882, subdivision 5, is amended to read:

Subd. 5. [SPECIALIZED RESIDENTIAL TREATMENT SERVICES.] The commissioner of human services shall ~~establish or contract for~~ continue efforts to further interagency collaboration to develop a comprehensive system of services, including family community support and specialized residential treatment services for children. The services shall be designed for children with emotional disturbance who exhibit violent or destructive behavior and for whom local treatment services are not feasible due to the small number of children statewide who need the services and the specialized nature of the services required. The services shall be located in community settings. If no appropriate services are available in Minnesota or within the geographical area in which the residents of the county normally do business, the commissioner is responsible, effective July 1, 1995, for 50 percent of the nonfederal costs of out-of-state treatment of children for whom no appropriate resources are available in Minnesota. Counties are eligible to receive enhanced state funding under this section only if they have established juvenile screening teams under section 260.151, subdivision 3, and if the out-of-state treatment has been approved by the commissioner. By January 1, 1995, the commissioners of human services and corrections shall jointly develop a plan, including a financing strategy, for increasing the in-state availability of treatment within a secure setting. By July 1, 1994, the commissioner of human services shall also:

- (1) conduct a study and develop a plan to meet the needs of children with both a developmental disability and severe emotional disturbance; and
- (2) study the feasibility of expanding medical assistance coverage to include specialized residential treatment for the children described in this subdivision.

Sec. 11. [245.491] [CITATION; DECLARATION OF PURPOSE.]

Subdivision 1. [CITATION.] Sections 245.491 to 245.496 may be cited as "the children's mental health integrated fund."

Subd. 2. [PURPOSE.] The legislature finds that children with emotional or behavioral disturbances or who are at risk of suffering such disturbances often require services from multiple service systems including mental health, social services, education, corrections, juvenile court, health, and jobs and training. In order to better meet the needs of these children, it is the intent of the legislature to establish an integrated children's mental health service system that:

- (1) allows local service decision makers to draw funding from a single local source so that funds follow clients and eliminates the need to match clients, funds, services, and provider eligibilities;
- (2) creates a local pool of state, local, and private funds to procure a greater medical assistance federal financial participation;
- (3) improves the efficiency of use of existing resources;
- (4) minimizes or eliminates the incentives for cost and risk shifting; and
- (5) increases the incentives for earlier identification and intervention.

The children's mental health integrated fund established under sections 245.491 to 245.496 must be used to develop and support this integrated mental health service system. In developing this integrated service system, it is not the intent of the legislature to limit any rights available to children and their families through existing federal and state laws.

Sec. 12. [245.492] [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] The definitions in this section apply to sections 245.491 to 245.496.

Subd. 2. [BASE LEVEL FUNDING.] "Base level funding" means funding received from state, federal, or local sources and expended across the local system of care in fiscal year 1993 for children's mental health services or for special education services for children with emotional or behavioral disturbances.

In subsequent years, base level funding may be adjusted to reflect decreases in the numbers of children in the target population.

Subd. 3. [CHILDREN WITH EMOTIONAL OR BEHAVIORAL DISTURBANCES.] "Children with emotional or behavioral disturbances" includes children with emotional disturbances as defined in section 245.4871, subdivision 15, and children with emotional or behavioral disorders as defined in Minnesota Rules, part 3525.1329, subpart 1.

Subd. 4. [FAMILY.] "Family" has the definition provided in section 245.4871, subdivision 16.

Subd. 5. [FAMILY COMMUNITY SUPPORT SERVICES.] "Family community support services" has the definition provided in section 245.4871, subdivision 17.

Subd. 6. [INITIAL TARGET POPULATION.] "Initial target population" means a population of children that the local children's mental health collaborative agrees to serve in the start-up phase and who meet the criteria for the target population. The initial target population may be less than the target population.

Subd. 7. [INTEGRATED FUND.] "Integrated fund" is a pool of both public and private local, state, and federal resources, consolidated at the local level, to accomplish locally agreed upon service goals for the target population. The fund is used to help the local children's mental health collaborative to serve the mental health needs of children in the target population by allowing the local children's mental health collaboratives to develop and implement an integrated service system.

Subd. 8. [INTEGRATED FUND TASK FORCE.] "The integrated fund task force" means the statewide task force established in Laws 1991, chapter 292, article 6, section 57.

Subd. 9. [INTEGRATED SERVICE SYSTEM.] "Integrated service system" means a coordinated set of procedures established by the local children's mental health collaborative for coordinating services and actions across categorical systems and agencies that results in:

- (1) integrated funding;
- (2) improved outreach, early identification, and intervention across systems;
- (3) strong collaboration between parents and professionals in identifying children in the target population facilitating access to the integrated system, and coordinating care and services for these children;
- (4) a coordinated assessment process across systems that determines which children need multiagency care coordination and wraparound services;
- (5) multiagency plan of care; and
- (6) wraparound services.

Services provided by the integrated service system must meet the requirements set out in sections 245.487 to 245.4887. Children served by the integrated service system must be economically and culturally representative of children in the service delivery area.

Subd. 10. [INTERAGENCY EARLY INTERVENTION COMMITTEE.] "Interagency early intervention committee" refers to the committee established under section 120.17, subdivision 12.

Subd. 11. [LOCAL CHILDREN'S ADVISORY COUNCIL.] "Local children's advisory council" refers to the council established under section 245.4875, subdivision 5.

Subd. 12. [LOCAL CHILDREN'S MENTAL HEALTH COLLABORATIVE.] "Local children's mental health collaborative" or "collaborative" means an entity formed by the agreement of representatives of the local system of care including mental health services, social services, correctional services, education services, health services, and vocational services for the purpose of developing and governing an integrated service system. A local coordinating council, a community transition interagency committee as defined in section 120.17, subdivision 16, or an interagency early intervention committee may serve as a local children's mental health collaborative if its representatives are capable of carrying out the duties of the local children's mental health collaborative set out in sections 245.491 to 245.496. Where a local coordinating council is not the local children's mental health collaborative, the local children's mental health collaborative must work closely with the local coordinating council in designing the integrated service system.

Subd. 13. [LOCAL COORDINATING COUNCIL.] "Local coordinating council" refers to the council established under section 245.4875, subdivision 6.

Subd. 14. [LOCAL SYSTEM OF CARE.] "Local system of care" has the definition provided in section 245.4871, subdivision 24.

Subd. 15. [MENTAL HEALTH SERVICES.] "Mental health services" has the definition provided in section 245.4871, subdivision 28.

Subd. 16. [MULTIAGENCY PLAN OF CARE.] "Multiagency plan of care" means a written plan of intervention and integrated services developed by a multiagency team in conjunction with the child and family based on their unique strengths and needs as determined by a multiagency assessment. The plan must outline measurable client outcomes and specific services needed to attain these outcomes, the agencies responsible for providing the specified services, funding responsibilities, timelines, the judicial or administrative procedures needed to implement the plan of care, the agencies responsible for initiating these procedures and designate one person with lead responsibility for overseeing implementation of the plan.

Subd. 17. [RESPIRE CARE.] "Respite care" is planned routine care to support the continued residence of a child with emotional or behavioral disturbance with the child's family or long-term primary caretaker.

Subd. 18. [SERVICE DELIVERY AREA.] "Service delivery area" means the geographic area to be served by the local children's mental health collaborative and must include at a minimum a part of a county and school district or a special education cooperative.

Subd. 19. [START-UP FUNDS.] "Start-up funds" means the funds available to assist a local children's mental health collaborative in planning and implementing the integrated service system for children in the target population, in setting up a local integrated fund, and in developing procedures for enhancing federal financial participation.

Subd. 20. [STATE COORDINATING COUNCIL.] "State coordinating council" means the council established under section 245.4873, subdivision 2.

Subd. 21. [TARGET POPULATION.] "Target population" means children up to age 18 with an emotional or behavioral disturbance or who are at risk of suffering an emotional or behavioral disturbance as evidenced by a behavior or condition that affects the child's ability to function in a primary aspect of daily living including personal relations, living arrangements, work, school, and recreation, and a child who can benefit from:

- (1) multiagency service coordination and wraparound services; or
- (2) informal coordination of traditional mental health services provided on a temporary basis.

Children between the ages of 18 and 21 who meet these criteria may be included in the target population at the option of the local children's mental health collaborative.

Subd. 22. [THERAPEUTIC SUPPORT OF FOSTER CARE.] "Therapeutic support of foster care" has the definition provided in section 245.4871, subdivision 34.

Subd. 23. [WRAPAROUND SERVICES.] "Wraparound services" are alternative, flexible, coordinated, and highly individualized services that are based on a multiagency plan of care. These services are designed to build on the strengths and respond to the needs identified in the child's multiagency assessment and to improve the child's ability to function in the home, school, and community. Wraparound services may include, but are not limited to, residential services, respite services, services that assist the child or family in enrolling in or participating in recreational activities, assistance in purchasing otherwise unavailable items or services important to maintain a specific child in the family, and services that assist the child to participate in more traditional services and programs.

Sec. 13. [245.493] [LOCAL LEVEL COORDINATION.]

Subdivision 1. [REQUIREMENTS TO QUALIFY AS A LOCAL CHILDREN'S MENTAL HEALTH COLLABORATIVE.] In order to qualify as a local children's mental health collaborative and be eligible to receive start-up funds, the representatives of the local system of care, or at a minimum one county, one school district or special education cooperative, and one mental health entity must agree to the following:

- (1) to establish a local children's mental health collaborative and develop an integrated service system; and
- (2) to commit resources to providing services through the local children's mental health collaborative.

Subd. 2. [GENERAL DUTIES OF THE LOCAL CHILDREN'S MENTAL HEALTH COLLABORATIVES.] Each local children's mental health collaborative must:

(1) identify a service delivery area and an initial target population within that service delivery area. The initial target population must be economically and culturally representative of children in the service delivery area to be served by the local children's mental health collaborative. The size of the initial target population must also be economically viable for the service delivery area;

(2) seek to maximize federal revenues available to serve children in the target population by designating local expenditures for mental health services that can be matched with federal dollars;

(3) in consultation with the local children's advisory council and the local coordinating council, if it is not the local children's mental health collaborative, design, develop, and ensure implementation of an integrated service system and develop interagency agreements necessary to implement the system;

(4) expand membership to include representatives of other services in the local system of care including prepaid health plans under contract with the commissioner of human services to serve the mental health needs of children and families;

(5) create or designate a management structure for fiscal and clinical responsibility and outcome evaluation;

(6) spend funds generated by the local children's mental health collaborative as required in sections 245.491 to 245.496; and

(7) explore methods and recommend changes needed at the state level to reduce duplication and promote coordination of services including the use of uniform forms for reporting, billing, and planning of services.

Sec. 14. [245.4931] [INTEGRATED LOCAL SERVICE SYSTEM.]

The integrated service system established by the local children's mental health collaborative must:

(1) include a process for communicating to agencies in the local system of care eligibility criteria for services received through the local children's mental health collaborative and a process for determining eligibility. The process shall place strong emphasis on outreach to families, respecting the family role in identifying children in need, and valuing families as partners;

(2) include measurable outcomes, timelines for evaluating progress, and mechanisms for quality assurance and appeals;

(3) involve the family, and where appropriate the individual child, in developing multiagency service plans to the extent required in sections 120.17, subdivision 3a; 245.4871, subdivision 21; 245.4881, subdivision 4; 253B.03, subdivision 7; 257.071, subdivision 1; and 260.191, subdivision 1e;

(4) meet all standards and provide all mental health services as required in sections 245.487 to 245.4888, and ensure that the services provided are culturally appropriate;

(5) spend funds generated by the local children's mental health collaborative as required in sections 245.491 to 245.496;

(6) encourage public-private partnerships to increase efficiency, reduce redundancy, and promote quality of care; and

(7) ensure that, if the county participant of the local children's mental health collaborative is also a provider of child welfare targeted case management as authorized by the 1993 legislature, then federal reimbursement received by the county for child welfare targeted case management provided to children served by the local children's mental health collaborative must be directed to the integrated fund.

Sec. 15. [245.4932] [REVENUE ENHANCEMENT; AUTHORITY AND RESPONSIBILITIES.]

Subdivision 1. [PROVIDER RESPONSIBILITIES.] The children's mental health collaborative shall have the following authority and responsibilities regarding federal revenue enhancement:

(1) the collaborative shall designate a lead county or other qualified entity as the fiscal agency for reporting, claiming, and receiving payments;

(2) the collaborative or lead county may enter into subcontracts with other counties, school districts, special education cooperatives, municipalities, and other public and nonprofit entities for purposes of identifying and claiming eligible expenditures to enhance federal reimbursement;

(3) the collaborative must continue the base level of expenditures for services for children with emotional or behavioral disturbances and their families from any state, county, federal, or other public or private funding source which, in the absence of the new federal reimbursement earned under sections 245.491 to 245.496, would have been available for those services. The base year for purposes of this subdivision shall be the accounting period closest to state fiscal year 1993;

(4) the collaborative or lead county must develop and maintain an accounting and financial management system adequate to support all claims for federal reimbursement, including a clear audit trail and any provisions specified in the contract;

(5) the collaborative shall pay the nonfederal share of the medical assistance costs for services designated by the collaborative;

(6) the lead county or other qualified entity may not use federal funds or local funds designated as matching for other federal funds to provide the nonfederal share of medical assistance.

Subd. 2. [COMMISSIONER'S RESPONSIBILITIES.] (1) Notwithstanding sections 256B.19, subdivision 1, and 256B.0625, the commissioner shall be required to amend the state medical assistance plan to include as covered services eligible for medical assistance reimbursement, those services eligible for reimbursement under federal law or waiver, which a collaborative elects to provide and for which the collaborative elects to pay the nonfederal share of the medical assistance costs.

(2) The commissioner may suspend, reduce, or terminate the federal reimbursement to a provider that does not meet the requirements of sections 245.493 to 245.496.

(3) The commissioner shall recover from the collaborative any federal fiscal disallowances or sanctions for audit exceptions directly attributable to the collaborative's actions or the proportional share if federal fiscal disallowances or sanctions are based on a statewide random sample.

Subd. 3. [PAYMENTS.] Notwithstanding section 256.025, subdivision 2, payments under sections 245.493 to 245.496 to providers for wraparound service expenditures and expenditures for other services for which the collaborative elects to pay the nonfederal share of medical assistance shall only be made of federal earnings from services provided under sections 245.493 to 245.496.

Subd. 4. [CENTRALIZED DISBURSEMENT OF MEDICAL ASSISTANCE PAYMENTS.] Notwithstanding section 256B.041, and except for family community support services and therapeutic support of foster care, county payments for the cost of wraparound services and other services for which the collaborative elects to pay the nonfederal share, for reimbursement under medical assistance, shall not be made to the state treasurer. For purposes of wraparound services under sections 245.493 to 245.496, the centralized disbursement of payments to providers under section 256B.041 consists only of federal earnings from services provided under sections 245.493 to 245.496.

Sec. 16. [245.494] [STATE LEVEL COORDINATION.]

Subdivision 1. [STATE COORDINATING COUNCIL.] The state coordinating council, in consultation with the integrated fund task force, shall:

(1) assist local children's mental health collaboratives in meeting the requirements of sections 245.491 to 245.496, by seeking consultation and technical assistance from national experts and coordinating presentations and assistance from these experts to local children's mental health collaboratives;

(2) assist local children's mental health collaboratives in identifying an economically viable initial target population;

(3) develop methods to reduce duplication and promote coordinated services including uniform forms for reporting, billing, and planning of services;

(4) by September 1, 1994, develop a model multiagency plan of care that can be used by local children's mental health collaboratives in place of an individual education plan, individual family community support plan, individual family support plan, and an individual treatment plan;

(5) assist in the implementation and operation of local children's mental health collaboratives by facilitating the integration of funds, coordination of services, and measurement of results, and by providing other assistance as needed;

(6) by July 1, 1993, develop a procedure for awarding start-up funds. Development of this procedure shall be exempt from chapter 14;

(7) develop procedures and provide technical assistance to allow local children's mental health collaboratives to integrate resources for children's mental health services with other resources available to serve children in the target population in order to maximize federal participation and improve efficiency of funding;

(8) ensure that local children's mental health collaboratives and the services received through these collaboratives meet the requirements set out in sections 245.491 to 245.496;

(9) identify base level funding from state and federal sources across systems;

(10) explore ways to access additional federal funds and enhance revenues available to address the needs of the target population;

(11) develop a mechanism for identifying the state share of funding for services to children in the target population and for making these funds available on a per capita basis for services provided through the local children's mental health collaborative to children in the target population. Each year beginning January 1, 1994, forecast the growth in the state share and increase funding for local children's mental health collaboratives accordingly;

(12) identify barriers to integrated service systems that arise from data practices and make recommendations including legislative changes needed in the data practices act to address these barriers; and

(13) annually review the expenditures of local children's mental health collaboratives to ensure that funding for services provided to the target population continues from sources other than the federal funds earned under sections 245.491 to 245.496 and that federal funds earned are spent consistent with sections 245.491 to 245.496.

Subd. 2. [STATE COORDINATING COUNCIL REPORT.] Each year, beginning February 1, 1995, the state coordinating council must submit a report to the legislature on the status of the local children's mental health collaboratives. The report must include the number of local children's mental health collaboratives, the amount and type of resources committed to local children's mental health collaboratives, the additional federal revenue received as a result of local children's mental health collaboratives, the services provided, the number of children served, outcome indicators, the identification of barriers to additional collaboratives and funding integration, and recommendations for further improving service coordination and funding integration.

Subd. 3. [DUTIES OF THE COMMISSIONER OF HUMAN SERVICES.] The commissioner of human services, in consultation with the integrated fund task force, shall:

(1) beginning January 1, 1994, in areas where a local children's mental health collaborative has been established, based on an independent actuarial analysis, separate all medical assistance, general assistance medical care, and MinnesotaCare resources devoted to mental health services for children and their families including inpatient, outpatient, medication management, services under the rehabilitation option, and related physician services from the total health capitation from prepaid plans, including plans established under section 256B.69, for the target population as identified in section 245.492, subdivision 21, and develop guidelines for managing these mental health benefits that will require all contractors to:

(i) provide mental health services eligible for medical assistance reimbursement;

(ii) meet performance standards established by the commissioner of human services including providing services consistent with the requirements and standards set out in sections 245.487 to 245.488 and 245.491 to 245.496;

(iii) provide the commissioner of human services with data consistent with that collected under sections 245.487 to 245.488; and

(iv) in service delivery areas where there is a local children's mental health collaborative for the target population defined by local children's mental health collaborative:

(A) participate in the local children's mental health collaborative;

(B) commit resources to the integrated fund that are actuarially equivalent to resources received for the target population being served by local children's mental health collaboratives; and

(C) meet the requirements and the performance standards developed for local children's mental health collaboratives;

(2) ensure that any prepaid health plan that is operating within the jurisdiction of a local children's mental health collaborative and that is able to meet all the requirements under section 245.494, subdivision 3, paragraph (1), items (i) to (iv), shall have 60 days from the date of receipt of written notice of the establishment of the collaborative to decide whether it will participate in the local children's mental health collaborative; the prepaid health plan shall notify the collaborative and the commissioner of its decision to participate;

(3) develop a mechanism for integrating medical assistance resources for mental health service with resources for general assistance medical care, MinnesotaCare, and any other state and local resources available for services for children and develop a procedure for making these resources available for use by a local children's mental health collaborative;

(4) gather data needed to manage mental health care including evaluation data and data necessary to establish a separate capitation rate for children's mental health services if that option is selected;

(5) by January 1, 1994, develop a model contract for providers of mental health managed care that meets the requirements set out in sections 245.491 to 245.496 and 256B.69, and utilize this contract for all subsequent awards, and before January 1, 1995, the commissioner of human services shall not enter into or extend any contract for any prepaid plan that would impede the implementation of sections 245.491 to 245.496;

(6) develop revenue enhancement or rebate mechanisms and procedures to certify expenditures made through local children's mental health collaboratives for services including administration and outreach that may be eligible for federal financial participation under medical assistance, including expenses for administration, and other federal programs;

(7) ensure that new contracts and extensions or modifications to existing contracts under section 256B.69 do not impede implementation of sections 245.491 to 245.496;

(8) provide technical assistance to help local children's mental health collaboratives certify local expenditures for federal financial participation, using due diligence in order to meet implementation timelines for sections 245.491 to 245.496 and recommend necessary legislation to enhance federal revenue, provide clinical and management flexibility, and otherwise meet the goals of local children's mental health collaboratives and request necessary state plan amendments to maximize the availability of medical assistance for activities undertaken by the local children's mental health collaborative;

(9) take all steps necessary to secure medical assistance reimbursement under the rehabilitation option for family community support services and therapeutic support of foster care, and for residential treatment and wraparound services when these services are provided through a local children's mental health collaborative;

(10) provide a mechanism to identify separately the reimbursement to a county for child welfare targeted case management provided to children served by the local collaborative for purposes of subsequent transfer by the county to the integrated fund; and

(11) where interested and qualified contractors are available, finalize contracts within 180 days of receipt of written notification of the establishment of a local children's mental health collaborative.

Subd. 4. [RULEMAKING.] The commissioners of human services, health, and corrections, and the state board of education shall adopt or amend rules as necessary to implement sections 245.491 to 245.496.

Subd. 5. [RULE MODIFICATION.] By January 15, 1994, the commissioner shall report to the legislature the extent to which claims for federal reimbursement for case management as set out in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, as they pertain to mental health case management are consistent with the number of children eligible to receive this service. The report shall also identify how the commissioner intends to increase the numbers of eligible children receiving this service, including recommendations for modifying rules or statutes to improve access to this service and to reduce barriers to its provision.

In developing these recommendations, the commissioner shall:

(1) review experience and consider alternatives to the reporting and claiming requirements, such as the rate of reimbursement, the claiming unit of time, and documenting and reporting procedures set out in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, as they pertain to mental health case management;

(2) consider experience gained from implementation of child welfare targeted case management;

(3) determine how to adjust the reimbursement rate to reflect reductions in caseload size;

(4) determine how to ensure that provision of targeted child welfare case management does not preclude an eligible child's right, or limit access, to case management services for children with severe emotional disturbance as set out in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, as they pertain to mental health case management;

(5) determine how to include cost and time data collection for contracted providers for rate setting, claims, and reimbursement purposes;

(6) evaluate the need for cost control measures where there is no county share; and

(7) determine how multiagency teams may share the reimbursement.

The commissioner shall conduct a study of the cost of county staff providing case management services under Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, as they pertain to mental health case management. If the average cost of providing case management services to children with severe emotional disturbance is determined by the commissioner to be greater than the average cost of providing child welfare targeted case management, the commissioner shall ensure that a higher reimbursement rate is provided for case management services under Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, to children with severe emotional disturbance. The total medical assistance funds expended for this service in the biennium ending in state fiscal year 1995 shall not exceed the amount projected in the state Medicaid forecast for case management for children with serious emotional disturbances.

Sec. 17. [245.495] [ADDITIONAL FEDERAL REVENUES.]

(a) Each local children's mental health collaborative shall report expenditures eligible for federal reimbursement in a manner prescribed by the commissioner of human services under section 256.01, subdivision 2, clause (17). The commissioner of human services shall pay all funds earned by each local children's mental health collaborative to the collaborative. Each local children's mental health collaborative must use these funds to expand the initial target population or to develop or provide mental health services through the local integrated service system to children in the target population. Funds may not be used to supplant funding for services to children in the target population.

For purposes of this section, "mental health services" are community-based, nonresidential services, which may include respite care, that are identified in the child's multiagency plan of care.

(b) The commissioner may set aside a portion of the federal funds earned under this section to repay the special revenue maximization account under section 256.01, subdivision 2, clause (15). The set-aside must not exceed five percent of the federal reimbursement earned by collaboratives and repayment is limited to:

(1) the costs of developing and implementing sections 245.491 to 245.496, including the costs of technical assistance from the departments of human services, education, health, and corrections to implement the children's mental health integrated fund;

(2) programming the information systems; and

(3) any lost federal revenue for the central office claim directly caused by the implementation of these sections.

(c) Any unexpended funds from the set-aside described in paragraph (b) shall be distributed to counties according to section 245.496, subdivision 2.

Sec. 18. [245.496] [IMPLEMENTATION.]

Subdivision 1. [APPLICATIONS FOR START-UP FUNDS FOR LOCAL CHILDREN'S MENTAL HEALTH COLLABORATIVES.] By July 1, 1993, the commissioner of human services shall publish the procedures for awarding start-up funds. Applications for local children's mental health collaboratives shall be obtained through the commissioner of human services and submitted to the state coordinating council. The application must state the amount of start-up funds requested by the local children's mental health collaborative and how the local children's mental health collaborative intends on using these funds.

Subd. 2. [DISTRIBUTION OF START-UP FUNDS.] By October 1, 1993, the state coordinating council must ensure distribution of start-up funds to local children's mental health collaboratives that meet the requirements established in section 245.493 and whose applications have been approved by the council. The remaining appropriation for start-up funds shall be distributed by February 1, 1994. If the number of applications received exceed the number of local children's mental health collaboratives that can be funded, the funds must be geographically distributed across the state and balanced between the seven county metro area and the rest of the state. Preference must be given to collaboratives that include the juvenile court and correctional systems, multiple school districts, or other multiple government entities from the local system of care. In rural areas, preference must also be given to local children's mental health collaboratives that include multiple counties.

Subd. 3. [SUBMISSION AND APPROVAL OF LOCAL COLLABORATIVE PROPOSALS FOR INTEGRATED SYSTEMS.] By December 31, 1994, a local children's mental health collaborative that received start-up funds must submit to the state coordinating council its proposal for creating and funding an integrated service system for children in the target population. Within 60 days of receiving the local collaborative proposal the state coordinating council must review the proposal and notify the local children's mental health collaborative as to whether or not the proposal has been approved. If the proposal is not approved, the state coordinating council must indicate changes needed to receive approval.

Sec. 19. Minnesota Statutes 1992, section 245.652, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The regional treatment centers shall provide services designed to end a person's reliance on chemical use or a person's chemical abuse and increase effective and chemical-free functioning. Clinically effective programs must be provided in accordance with section 246.64. Services may be offered on the regional center campus or at sites elsewhere in the catchment area served by the regional treatment center.

Sec. 20. Minnesota Statutes 1992, section 245.652, subdivision 4, is amended to read:

Subd. 4. [SYSTEM LOCATIONS.] Programs shall be located in Anoka, Brainerd, Fergus Falls, Moose Lake, St. Peter, and Willmar and may be offered at other selected sites.

Sec. 21. Minnesota Statutes 1992, section 245.73, subdivision 2, is amended to read:

Subd. 2. [APPLICATION; CRITERIA.] County boards may submit an application and budget for use of the money in the form specified by the commissioner. The commissioner shall make grants only to counties whose applications and budgets are approved by the commissioner for residential programs for adults with mental illness to meet licensing requirements pursuant to sections 245A.01 to 245A.16. ~~State funds received by a county pursuant to this section shall be used only for direct service costs. Both direct service and other costs, including but not limited to renovation, construction or rent of buildings, purchase or lease of vehicles or equipment as required for licensure as a residential program for adults with mental illness under sections 245A.01 to 245A.16, may be paid out of the matching funds required under subdivision 3. Neither the state funds nor the matching funds~~ These grants shall not be used for room and board costs. For calendar year 1994 and subsequent years, the commissioner shall allocate the money appropriated under this section on a calendar year basis.

Sec. 22. Minnesota Statutes 1992, section 245.73, subdivision 3, is amended to read:

Subd. 3. [FORMULA.] Grants made pursuant to this section shall finance 75 to 100 percent of the county's costs of expanding or providing services for adult mentally ill persons in residential facilities as provided in subdivision 2.

Sec. 23. Minnesota Statutes 1992, section 245.73, is amended by adding a subdivision to read:

Subd. 5. [TRANSFER OF FUNDS.] The commissioner may transfer money from adult mental health residential program grants to community support program grants under section 256E.12 if the county requests such a transfer and if the commissioner determines the transfer will help adults with mental illness to remain and function in their own communities. The commissioner shall consider past utilization of the residential program in determining which counties to include in the transferred fund.

Sec. 24. Minnesota Statutes 1992, section 246.0135, is amended to read:

246.0135 [OPERATION OF REGIONAL TREATMENT CENTERS.]

(a) The commissioner of human services is prohibited from closing any regional treatment center or state-operated nursing home or any program at any of the regional treatment centers or state-operated nursing homes, without specific legislative authorization. For persons with mental retardation or related conditions who move from one regional treatment center to another regional treatment center, the provisions of section 256B.092, subdivision 10, must be followed for both the discharge from one regional treatment center and admission to another regional treatment center, except that the move is not subject to the consensus requirement of section 256B.092, subdivision 10, paragraph (b).

(b) Prior to closing or downsizing a regional treatment center, the commissioner of human services shall be responsible for assuring that community-based alternatives developed in response are adequate to meet the program needs identified by each county within the catchment area and do not require additional local county property tax expenditures.

(c) The nonfederal share of the cost of alternative treatment or care developed as the result of the closure of a regional treatment center, including costs associated with fulfillment of responsibilities under chapter 253B shall be paid from state funds appropriated for purposes specified in section 246.013.

(d) Counties in the catchment area of a regional treatment center which has been closed or downsized may not at any time be required to pay a greater cost of care for alternative care and treatment than the county share set by the commissioner for the cost of care provided by regional treatment centers.

(e) The commissioner may not divert state funds used for providing for care or treatment of persons residing in a regional treatment center for purposes unrelated to the care and treatment of such persons.

Sec. 25. Minnesota Statutes 1992, section 246.02, subdivision 2, is amended to read:

Subd. 2. The commissioner of human services shall act with the advice of the medical policy directional committee on mental health in the appointment and removal of the chief executive officers of the following institutions: Anoka-Metro Regional Treatment Center, Ah-Gwah-Ching Center, Fergus Falls Regional Treatment Center, ~~Moose Lake Regional Treatment Center, Oak Terrace Nursing Home, Rochester State Hospital,~~ St. Peter Regional Treatment Center and Minnesota Security Hospital, Willmar Regional Treatment Center, Faribault Regional Center, Cambridge Regional Human Services Center, and Brainerd Regional Human Services Center, and until June 30, 1995, Moose Lake Regional Treatment Center, and after June 30, 1995, Minnesota Psychopathic Personality Treatment Center.

Sec. 26. Minnesota Statutes 1992, section 246.151, subdivision 1, is amended to read:

Subdivision 1. [COMPENSATION.] Notwithstanding any law to the contrary, the commissioners of human services and veterans affairs are authorized to provide for the payment to patients or residents of state institutions under their management and control of such pecuniary compensation as ~~they may deem proper, required by the United States Department of Labor. Payment of subminimum wages shall meet all requirements of United States Department of Labor Regulations, Code of Federal Regulations, title 29, part 525.~~ The amount of compensation ~~to depend depends~~ upon the quality and character of the work performed as determined by the commissioner and the chief executive officer, ~~but in no case less than 25 percent of the minimum wage established pursuant to section 177.24.~~

Sec. 27. [246B.01] [MINNESOTA PSYCHOPATHIC PERSONALITY TREATMENT CENTER; DEFINITIONS.]

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

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of human services or the commissioner's designee.

Subd. 3. [PSYCHOPATHIC PERSONALITY.] "Psychopathic personality" has the meaning given in section 526.09.

Sec. 28. [246B.02] [ESTABLISHMENT OF MINNESOTA PSYCHOPATHIC PERSONALITY TREATMENT CENTER.]

The commissioner of human services shall establish and maintain a secure facility located in Moose Lake. The facility shall be known as the Minnesota Psychopathic Personality Treatment Center. The facility shall provide care and treatment to 100 persons committed by the courts as psychopathic personalities, or persons admitted there with the consent of the commissioner of human services.

Sec. 29. [246B.03] [LICENSURE.]

The commissioner of human services shall apply to the commissioner of health to license the Minnesota Psychopathic Personality Treatment Center as a supervised living facility with applicable program licensing standards.

Sec. 30. [246B.04] [RULES; EVALUATION.]

The commissioner of human services shall adopt rules to govern the operation, maintenance, and licensure of the program established at the Minnesota Psychopathic Personality Treatment Center for persons committed as a psychopathic personality. The commissioner shall establish an evaluation process to measure outcomes and behavioral changes as a result of treatment compared with incarceration without treatment, to determine the value, if any, of treatment in protecting the public.

Sec. 31. Minnesota Statutes 1992, section 252.025, subdivision 4, is amended to read:

Subd. 4. [STATE-PROVIDED SERVICES.] (a) It is the policy of the state to capitalize and recapitalize the regional treatment centers as necessary to prevent depreciation and obsolescence of physical facilities and to ensure they retain the physical capability to provide residential programs. Consistent with that policy and with section 252.50, and within the limits of appropriations made available for this purpose, the commissioner may establish, by June 30, 1991, the following state-operated, community-based programs for the least vulnerable regional treatment center residents: at Brainerd regional services center, two residential programs and two day programs; at Cambridge regional treatment center, four residential programs and two day programs; at Faribault regional treatment center, ten residential programs and six day programs; at Fergus Falls regional treatment center, two residential programs and one day program; at Moose Lake regional treatment center, four residential programs and two day programs; and at Willmar regional treatment center, two residential programs and one day program.

(b) By January 15, 1991, the commissioner shall report to the legislature a plan to provide continued regional treatment center capacity and state-operated, community-based residential and day programs for persons with developmental disabilities at Brainerd, Cambridge, Faribault, Fergus Falls, ~~Moose Lake~~, St. Peter, and Willmar, as follows:

(1) by July 1, 1998, continued regional treatment center capacity to serve 350 persons with developmental disabilities as follows: at Brainerd, 80 persons; at Cambridge, 12 persons; at Faribault, 110 persons; at Fergus Falls, 60 persons; ~~at Moose Lake, 12 persons;~~ at St. Peter, 35 persons; at Willmar, 25 persons; and up to 16 crisis beds in the Twin Cities metropolitan area; and

(2) by July 1, 1999, continued regional treatment center capacity to serve 254 persons with developmental disabilities as follows: at Brainerd, 57 persons; at Cambridge, 12 persons; at Faribault, 80 persons; at Fergus Falls, 35 persons; ~~at Moose Lake, 12 persons;~~ at St. Peter, 30 persons; at Willmar, 12 persons, and up to 16 crisis beds in the Twin Cities metropolitan area. In addition, the plan shall provide for the capacity to provide residential services to 570 persons with developmental disabilities in 95 state-operated, community-based residential programs.

The commissioner is subject to a mandamus action under chapter 586 for any failure to comply with the provisions of this subdivision.

Sec. 32. Minnesota Statutes 1992, section 252.025, is amended by adding a subdivision to read:

Subd. 5. [SERVICES FOR DEVELOPMENTALLY DISABLED PERSONS: MOOSE LAKE REGIONAL TREATMENT CENTER CATCHMENT AREA.] Notwithstanding subdivision 4, the commissioner shall develop in the Moose Lake regional treatment center catchment area for persons with developmental disabilities at least 12 beds in state-operated waived homes, eight state-operated crisis beds, one state-operated day training and habilitation facility, and 21 beds in other community settings. These services must be established by October 1, 1993, to serve persons relocated from the Moose Lake regional treatment center.

These services shall be in addition to any state-operated, community services and day treatment centers in operation in the Moose Lake catchment area during state fiscal year 1993.

Sec. 33. Minnesota Statutes 1992, section 252.025, is amended by adding a subdivision to read:

Subd. 6. [DEVELOPMENT OF STATE-OPERATED SERVICES.] Notwithstanding subdivision 4, during the biennium ending June 30, 1995, the commissioner shall establish the following services for persons with developmental disabilities:

(1) by June 30, 1994, eight state-operated, community-based waived homes located anywhere in the state for 32 persons and two state-operated day training and habilitation facilities for persons leaving regional treatment centers as a result of downsizing;

(2) by June 30, 1994, 16 state-operated, community-based waived homes at Faribault for 64 persons, four state-operated day training and habilitation facilities, and 38 beds in community settings for persons leaving the Faribault regional treatment center;

(3) by June 30, 1995, 78 beds in private community settings for persons leaving the Faribault regional treatment center;

(4) by June 30, 1995, eight state-operated crisis beds in the Faribault regional treatment center catchment area;

(5) by June 30, 1994, private community-based beds located anywhere in the state to achieve a net reduction of 93 persons leaving regional treatment centers as a result of downsizing; and

(6) by June 30, 1995, nine state-operated waived homes for 36 persons and two state-operated day training and habilitation facilities for persons leaving regional treatment centers as a result of downsizing, and sufficient beds in private community settings to achieve a net reduction of 84 beds in regional treatment centers.

Sec. 34. Minnesota Statutes 1992, section 252.50, is amended by adding a subdivision to read:

Subd. 2a. [USE OF ENHANCED WAIVERED SERVICES FUNDS.] The commissioner may, within the limits of appropriations made available for this purpose, use enhanced waived services funds under the home- and community-based waiver for persons with mental retardation or related conditions to move to state-operated community programs and to private facilities.

Sec. 35. Minnesota Statutes 1992, section 253.015, subdivision 1, is amended to read:

Subdivision 1. [STATE HOSPITALS FOR PERSONS WITH MENTAL ILLNESS.] The state hospitals located at Anoka, Brainerd, Fergus Falls, ~~Moose Lake,~~ St. Peter, ~~and Willmar,~~ and ~~Moose Lake until June 30, 1995,~~ shall constitute the state hospitals for 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.

Sec. 36. Minnesota Statutes 1992, section 253.015, is amended by adding a subdivision to read:

Subd. 3. [SERVICES FOR PERSONS WITH MENTAL ILLNESS FROM MOOSE LAKE REGIONAL TREATMENT CENTER.] (a) The commissioner shall develop the following services in the Moose Lake catchment area for patients with mental illness relocated from the Moose Lake regional treatment center and must promote a mix of state-operated and private services to include the following:

(1) by September 1, 1994, services in community nursing facilities for 45 patients with mental illness;

(2) by December 1, 1994, 24 state-operated community service slots, which may be a combination of residential and crisis services, designed to serve persons with mental illness and at least 75 percent of these state-operated community service slots shall be residential services;

(3) by December 1, 1994, 16 service slots in other community settings; and

(4) by December 1, 1994, 25 inpatient psychiatric beds in community hospitals for adult patients who are acutely ill, particularly those under judicial commitment.

(b) By October 1, 1994, 15 inpatient acute care state-operated psychiatric beds in the Moose Lake catchment area;

(c) By July 1, 1995, the commissioner shall establish 60 beds at Brainerd regional human services center to serve persons with mental illness being relocated from the Moose Lake regional treatment center.

Sec. 37. Minnesota Statutes 1992, section 253.015, is amended by adding a subdivision to read:

Subd. 4. [SERVICES FOR PERSONS WITH TRAUMATIC BRAIN INJURY.] By June 30, 1994, the commissioner shall develop 15 beds at Brainerd regional human services center for persons with traumatic brain injury, including patients relocated from the Moose Lake regional treatment center.

Sec. 38. Minnesota Statutes 1992, section 253.202, is amended to read:

253.202 [MANAGEMENT.]

Notwithstanding the provisions of section 253.201, or any other law to the contrary, the Minnesota Security Hospital shall be under the administrative management of a hospital administrator, to be appointed by the commissioner of human services, who shall be a graduate of an accredited college giving a course leading to a degree in hospital administration, and the commissioner of human services, by rule, shall designate such colleges which in the commissioner's opinion give an accredited course in hospital administration. ~~The administrative management of the Minnesota Security Hospital shall not continue under the management of the superintendent of the St. Peter regional treatment center.~~ In addition to a hospital administrator, the commissioner of human services may appoint a licensed doctor of medicine as chief of the medical staff and the doctor shall be in charge of all medical care, treatment, rehabilitation, and research. This section is effective on July 1, 1963.

Sec. 39. Minnesota Statutes 1992, section 254.04, is amended to read:

254.04 [TREATMENT OF INEBRIATES CHEMICALLY DEPENDENT PERSONS.]

The commissioner of human services is hereby authorized to continue the treatment of ~~inebriates~~ chemically dependent persons at the state hospital farm for inebriates Ah-Gwah-Ching and at the regional treatment centers located at Anoka, Brainerd, Fergus Falls, Moose Lake, St. Peter, and Willmar as now provided by law, and in addition thereto the commissioner is authorized to provide for the treatment of inebriates at the Moose Lake regional treatment center, but no inebriate shall be committed for treatment to either facility except as may be authorized and permitted by the commissioner of human services. During the year ending June 30, 1994, the commissioner shall relocate, in the catchment area served by the Moose Lake regional treatment center, two state-operated off-campus programs designed to serve patients who are relocated from the Moose Lake regional treatment center. One program shall be a 35-bed program for women who are chemically dependent; the other shall be a 25-bed program for men who are chemically dependent. The facility space housing the Liberalis chemical dependency program (building C-35) and the men's chemical dependency program (4th floor main) may not be vacated until suitable off-campus space for the women's chemical dependency program of 35 beds and the men's chemical dependency program of 25 beds is located and clients and staff are relocated.

Sec. 40. Minnesota Statutes 1992, section 254.05, is amended to read:

254.05 [DESIGNATION OF STATE HOSPITALS.]

The state hospital ~~for the insane~~ located at Anoka shall hereafter be known and designated as the Anoka-metro regional treatment center; ~~the state hospital for the insane located at Hastings shall hereafter be known and designated as the Hastings state hospital;~~ the state hospital ~~for the insane and the hospital farm for inebriates~~ located at Willmar shall hereafter be known and designated as the Willmar regional treatment center; until June 30, 1995, the state hospital ~~for the insane~~ located at Moose Lake shall hereafter be known and designated as the Moose Lake regional treatment center; after June 30, 1995, the newly established state facility at Moose Lake shall be known and designated as the Minnesota psychopathic personality treatment center; the state hospital ~~for the insane~~ located at Fergus Falls shall hereafter be known and designated as the Fergus Falls regional treatment center; ~~the state hospital for the insane located at Rochester shall hereafter be known and designated as the Rochester state hospital;~~ and the state hospital ~~for the insane~~ located at St. Peter shall hereafter be known and designated as the St. Peter regional treatment center. Each of the foregoing state hospitals shall also be known by the name of regional center at the discretion of the commissioner of human services. The terms "human services" or "treatment" may be included in the designation.

Sec. 41. Minnesota Statutes 1992, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. [MENTAL ILLNESS CASE MANAGEMENT.] (a) To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness or subject to federal approval, children with severe emotional disturbance. Entities meeting program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, are eligible for medical assistance reimbursement for case management services for children with severe emotional disturbance when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subpart 6.

(b) In counties where fewer than 50 percent of children estimated to be eligible under medical assistance to receive case management services for children with severe emotional disturbance actually receive these services in state fiscal year 1995, community mental health centers serving those counties, entities meeting program standards in Minnesota Rules, parts 9520.0570 to 9520.0870, and other entities authorized by the commissioner are eligible for medical assistance reimbursement for case management services for children with severe emotional disturbance when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subpart 6.

Sec. 42. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 32. [FAMILY COMMUNITY SUPPORT SERVICES.] Medical assistance covers family community support services as defined in section 245.4871, subdivision 17.

Sec. 43. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 33. [THERAPEUTIC SUPPORT OF FOSTER CARE.] Medical assistance covers therapeutic support of foster care as defined in section 245.4871, subdivision 34.

Sec. 44. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 34. [WRAPAROUND SERVICES.] Medical assistance covers wraparound services as defined in section 245.492, subdivision 20, that are provided through a local children's mental health collaborative, as that entity is defined in section 245.492, subdivision 11.

Sec. 45. Laws 1991, chapter 292, article 6, section 54, is amended to read:

Sec. 54. [RULE REVISION.]

The commissioner must revise Minnesota Rules, parts 9545.0900 to 9545.1090, which govern facilities that provide residential services for children with emotional handicaps. The rule revisions must be adopted ~~within 12 months of the effective date of this section~~ by January 1, 1994.

Sec. 46. Laws 1991, chapter 292, article 6, section 57, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE TASK FORCE.] The commissioner of human services shall convene a task force to study the feasibility of establishing an integrated children's mental health fund. The task force shall consist of mental health professionals, county social services personnel, service providers, advocates, and parents of children who have experienced episodes of emotional disturbance. The task force shall also include representatives of the children's mental health subcommittee of the state advisory council and local coordinating councils established under Minnesota Statutes, sections 245.487 to 245.4887. The task force shall include the commissioners of education, health, and human services; two members of the senate; and two members of the house of representatives. The task force shall examine all possible county, state, and federal sources of funds for children's mental health with a view to designing an integrated children's mental health fund, improving methods of coordinating and maximizing all funding sources, and increasing federal funding. Programs to be examined shall include, but not be limited to, the following: medical assistance, title IV-E of the social security act, title XX social service programs, chemical dependency programs, education and special education programs, and, for children with a dual diagnosis, programs for the developmentally disabled. The task force may consult with experts in the field, as necessary. ~~The task force shall make a preliminary report and recommendations on local coordination of funding sources by January 1, 1992, to facilitate the development of local protocols and procedures under subdivision 2. The task force shall submit a final report to the legislature by January 1, 1993, with its findings and recommendations.~~ By January 1, 1994, the task force shall provide a report to the legislature with recommendations of the task force for promoting integrated funding and services for children's mental health. The report must include the following recommendations: (1) how to phase in all delivery systems, including the juvenile court and correctional systems; (2) how to expand the initial target population so that the state eventually has a statewide integrated children's mental health service system that integrates funding regardless of source for children with emotional or behavioral disturbances or those at risk of suffering such disturbances; (3) proposed outcome measures for local children's mental health collaboratives; and (4) any necessary legislative changes in the data practices act. The task force shall continue through June 30, 1995, and shall advise and assist the state coordinating council and local children's mental health collaboratives as required in Minnesota Statutes, sections 245.491 to 245.496.

Sec. 47. Laws 1991, chapter 292, article 6, section 57, subdivision 3, is amended to read:

Subd. 3. [FINAL REPORT.] By February 15, 1993, the commissioner of human services shall provide a report to the legislature that describes the reports and recommendations of the statewide task force under subdivision 1 and of the local coordinating councils under subdivision 2, and provides the commissioner's recommendations for legislation or other needed changes.

Sec. 48. [ADULT MENTAL HEALTH SERVICES AND FUNDING.]

Subdivision 1. [STATEWIDE TASK FORCE.] The commissioner of human services shall convene a task force to study and make recommendations concerning adult mental health services and funding. The task force shall consist of the commissioners of health, jobs and training, corrections, and commerce, the director of the housing finance agency, two members of the house of representatives, and two members of the senate. The task force shall also include persons diagnosed with mental illness, family members of persons diagnosed with mental illness, mental health professionals, county social services personnel, public and private service providers, advocates for persons with mental illness, and representatives of the state advisory council established under Minnesota Statutes, section 245.697, and of the local advisory council established under Minnesota Statutes, section 245.466, subdivision 5. The task force must also include public employee representatives from each of the state regional treatment centers that treat adults with mental illness, the division of rehabilitative services, and county public employee bargaining units whose members serve adults with mental illness. Public employee representatives must be selected by their exclusive representatives. The commissioner of human services shall contract with a facilitator-mediator chosen by agreement of the members of the task force. The task force shall examine all possible county, state, and federal sources of funds for adult mental health with a view to improving methods of coordinating services and maximizing all funding sources and community support services, and increasing federal funding. Programs to be examined shall include, but not be limited to, the following: medical assistance, title XX social services programs, jobs and training programs, corrections programs, and housing programs. The task force may consult with experts in the field, as necessary. The task force shall make a preliminary report and recommendations on coordination of services and funding sources by January 1, 1994, to facilitate the development of local protocols and procedures under subdivision 2. The task force shall submit a final report to the legislature by January 1, 1995, with its findings and recommendations. Once this report has been submitted, the task force will expire.

Subd. 2. [DEVELOPMENT OF LOCAL PROTOCOLS AND PROCEDURES.] (a) By January 1, 1994, each local adult mental health advisory council established under Minnesota Statutes, section 245.466, subdivision 5, may establish a task force to develop recommended protocols and procedures that will ensure that the planning, case management, and delivery of services for adults with severe mental illness are coordinated and make the most efficient and effective use of available funding. The task force must include, at a minimum, representatives of county medical assistance and mental health staff and representatives of state and county public employee bargaining units. The protocols and procedures must be designed to:

(1) ensure that services to adults are adequately funded to meet the adult's needs;

(2) ensure that planning for services, case management, service delivery, and payment for services involves coordination of all affected agencies, providers, and funding sources; and

(3) maximize available funding by making full use of all available funding, including medical assistance.

(b) By June 1, 1994, each council may make recommendations to the statewide task force established under subdivision 1 regarding the feasibility and desirability of existing or proposed methods of service delivery and funding sources to ensure that services are tailored to the specific needs of each adult and to allow where feasible greater flexibility in paying for services.

(c) By June 1, 1994, each local advisory council may report to the commissioner of human services the council's findings and the recommended protocols and procedures. The council may also recommend legislative changes or rule changes that will improve local coordination and further maximize available funding.

Subd. 3. [FINAL REPORT.] By February 15, 1995, the commissioner of human services shall provide a report to the legislature that describes the reports and recommendations of the statewide task force under subdivision 1 and of the local advisory councils under subdivision 2, and provides the commissioner's recommendations for legislation or other needed changes.

Sec. 49. [MENTAL HEALTH SERVICES DELIVERY SYSTEM PILOT PROJECT IN DAKOTA COUNTY.]

Subdivision 1. [AUTHORIZATION FOR CONTINUATION OF PILOT PROJECT.] (a) The previously authorized mental health services delivery system pilot project in Dakota county shall be continued for a two-year period commencing on July 1, 1993, and ending on June 30, 1995.

(b) Dakota county shall receive a grant from the department of human services in the amount of \$50,000 per year to pay related expenses associated with the pilot project during fiscal years 1994 and 1995.

Subd. 2. [AUTHORIZATION FOR INTEGRATED FUNDING OF STATE-SUPPORTED MENTAL HEALTH SERVICES.] (a) The commissioner of human services shall establish an adult mental health services integrated fund for Dakota county to permit flexibility in expenditures based on local needs with local control.

(b) The revenues and expenditures included in the integrated fund shall be as follows:

(1) residential services funds administered under Minnesota Rules, parts 9535.2000 to 9535.3000, in an amount to be determined by mutual agreement between Dakota county and the commissioner of human services after an examination of the county's historical utilization of Minnesota Rules, parts 9520.0500 to 9520.0690, facilities located both within and outside of the county;

(2) community support services funds administered under Minnesota Rules, parts 9535.1700 to 9535.1760;

(3) Anoka alternatives grant funds;

(4) housing support services grant funds;

(5) OBRA grant funds; and

(6) crisis foster homes grant funds.

(c) As part of the pilot project, Dakota county may study the feasibility of adding medical assistance, general assistance, general assistance medical care, and Minnesota supplemental aid to the integrated fund. The commissioner of human services, with the express consent of the Dakota county board of commissioners, may add medical assistance, general assistance, general assistance medical care, and Minnesota supplemental aid to the integrated fund.

(d) Dakota county must provide the commissioner of human services with timely and pertinent information about the county's adult mental health service delivery system through the following methods:

(1) submission of community social services act plans and plan amendments;

(2) submission of social service expenditure and grant reconciliation reports, based on a coding format to be determined by mutual agreement between the county and the commissioner;

(3) compliance with the community mental health reporting system and with other state reporting systems necessary for the production of comprehensive statewide information;

(4) submission of the data on clients, services, costs, providers, human resources, and outcomes that the state needs in order to compile information on a statewide basis; and

(5) participation in semiannual meetings convened by the commissioner for the purpose of reviewing Dakota county's adult mental health program and assessing the impact of integrated funding.

(e) The commissioner of human services shall waive or modify any administrative rules, regulations, or guidelines which are incompatible with the implementation of the integrated fund.

(f) The integrated fund may be subject to the following conditions and understandings.

(1) Dakota county may apply for any new or expanded mental health service funds which may become available in the future, on an equal basis with other counties.

(2) The integrated fund may be adjusted at least biennially to reflect any increase in the population of Dakota county, using a method to be determined by mutual agreement between the county and the commissioner of human services.

(3) If the level of state funding for mental health services in other counties is adjusted upward or downward, an adjustment at the equivalent rate shall be made to Dakota county's integrated fund, to the extent that the adjustment made elsewhere applies to the revenue and expenditure categories included in the integrated fund.

(4) Payments to Dakota county for the integrated fund shall be made in 12 equal installments per year at the beginning of each month, or by another method to be determined by mutual agreement between the county and the commissioner of human services.

(5) The commissioner of human services shall exempt Dakota county from fiscal and other sanctions for noncompliance with any requirements in state rules, regulations, or guidelines which are incompatible with the implementation of the integrated fund.

(6) The integrated fund may be discontinued for any reason by the Dakota county board of commissioners or the commissioner of human services, after 90 days' written notice to the other party.

(7) If the integrated fund is discontinued, any expenses incurred by Dakota county in order to resume full compliance with state rules, regulations, and guidelines, shall be covered by the state, to the extent allowed by rules and appropriation funding.

(8) The integrated fund shall be established on July 1, 1993, or later by mutual agreement between the county and the commissioner of human services.

(9) If any of the revenues included in the integrated fund are federal in origin, any federal requirements for the use and reporting of those funds shall remain in force, unless such requirements are waived or modified by the appropriate federal agency.

Sec. 50. [REPEALER, COUNTY GRANTS, FEDERAL BLOCK GRANTS.]

Minnesota Statutes 1992, sections 245.711 and 245.712, are repealed.

Sec. 51. [EFFECTIVE DATES.]

Subdivision 1. Section 49 is effective July 1, 1993.

Subd. 2. Section 10 is effective July 1, 1993.

Subd. 3. Sections 16, subdivision 1, clause (6), and 18, subdivision 1, are effective the day following final enactment.

Subd. 4. Section 41, paragraph (b), is effective October 1, 1995.

Subd. 5. Sections 42 and 43 are effective October 1, 1994.

Subd. 6. Section 44 is effective January 1, 1994.

ARTICLE 8

GROUP RESIDENTIAL HOUSING

Section 1. Minnesota Statutes 1992, section 256.025, subdivision 1, is amended to read:

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

(b) "Base amount" means the calendar year 1990 county share of county agency expenditures for all of the programs specified in subdivision 2, except for the programs in subdivision 2, clauses (4), (7), and (13). The 1990 base amount for subdivision 2, clause (4), shall be reduced by one-seventh for each county, and the 1990 base amount for subdivision 2, clause (7) shall be reduced by seven-tenths for each county, and those amounts in total shall be the 1990 base amount for group residential housing in subdivision 2, clause (13).

(c) "County agency expenditure" means the total expenditure or cost incurred by the county of financial responsibility for the benefits and services for each of the programs specified in subdivision 2. The term includes the federal, state, and county share of costs for programs in which there is federal financial participation. For programs in which there is no federal financial participation, the term includes the state and county share of costs. The term excludes county administrative costs, unless otherwise specified.

(d) "Nonfederal share" means the sum of state and county shares of costs of the programs specified in subdivision 2.

(e) The "county share of county agency expenditures growth amount" is the amount by which the county share of county agency expenditures in calendar years 1991 to 2000 has increased over the base amount.

Sec. 2. Minnesota Statutes 1992, section 256.025, subdivision 2, is amended to read:

Subd. 2. [COVERED PROGRAMS AND SERVICES.] The procedures in this section govern payment of county agency expenditures for benefits and services distributed under the following programs:

- (1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;
- (2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;
- (3) general assistance medical care under section 256D.03, subdivision 6;
- (4) general assistance under section 256D.03, subdivision 2;
- (5) work readiness under section 256D.03, subdivision 2;

- (6) emergency assistance under section 256.871, subdivision 6;
- (7) Minnesota supplemental aid under section 256D.36, subdivision 1;
- (8) preadmission screening and alternative care grants;
- (9) work readiness services under section 256D.051;
- (10) case management services under section 256.736, subdivision 13;
- (11) general assistance claims processing, medical transportation and related costs; ~~and~~
- (12) medical assistance, medical transportation and related costs; and
- (13) group residential housing under section 256I.05, subdivision 8, transferred from programs in clauses (4) and (7).

Sec. 3. Minnesota Statutes 1992, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 or 256D.051, or who is having a payment made on the person's behalf under sections 256I.01 to 256I.06; or

(2)(i) who is a resident of Minnesota; and whose equity in assets is not in excess of \$1,000 per assistance unit. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. However, if a disregard of \$30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first \$50 of earned income is not allowed; or

(3) who would be eligible for medical assistance except that the person resides in a facility that is determined by the commissioner or the federal health care financing administration to be an institution for mental diseases.

(b) Eligibility is available for the month of application, and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

(c) General assistance medical care is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 30 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

Sec. 4. Minnesota Statutes 1992, section 256D.35, subdivision 3a, is amended to read:

Subd. 3a. [ASSISTANCE UNIT.] "Assistance unit" means the individual applicant or recipient or an eligible applicant married couple or recipient married couple who live together.

Sec. 5. Minnesota Statutes 1992, section 256D.44, subdivision 2, is amended to read:

Subd. 2. [STANDARD OF ASSISTANCE FOR SHELTER.] The state standard of assistance for shelter provides for the recipient's shelter costs. The monthly state standard of assistance for shelter must be determined according to paragraphs (a) to (e) (f).

(a) ~~If the an applicant or recipient does not reside with another person or persons, the state standard of assistance is the actual cost for shelter items or \$124, whichever is less.~~

~~(b) If the recipient resides with another person, the state standard of assistance is the actual costs for shelter items or \$93, whichever is less. If an applicant married couple or recipient married couple, who live together, does not reside with others, the state standard of assistance is the actual cost for shelter items or \$186, whichever is less.~~

~~(c) Actual shelter costs for applicants or recipients are determined by dividing the total monthly shelter costs by the number of persons who share the residence. If an applicant or recipient resides with another person or persons, the state standard of assistance is the actual cost for shelter items or \$93, whichever is less.~~

~~(d) If an applicant married couple or recipient married couple, who live together, resides with others, the state standard of assistance is the actual cost for shelter items or \$124, whichever is less.~~

~~(e) Actual shelter costs for applicants or recipients, who reside with others, are determined by dividing the total monthly shelter costs by the number of persons who share the residence.~~

~~(f) Married couples, living together and receiving MSA on January 1, 1994, and whose eligibility has not been terminated for a full calendar month, are exempt from the standards in paragraphs (b) and (d).~~

Sec. 6. Minnesota Statutes 1992, section 256D.44, subdivision 3, is amended to read:

Subd. 3. [STANDARD OF ASSISTANCE FOR BASIC NEEDS.] The state standard of assistance for basic needs provides for the applicant's or recipient's maintenance needs, other than actual shelter costs. Except as provided in subdivision 4, the monthly state standard of assistance for basic needs is as follows:

(a) ~~For~~ If an applicant or recipient who does not reside with another person or persons, the state standard of assistance is ~~\$305~~ \$371.

~~(b) For an individual who resides with another person or persons, the state standard of assistance is \$242. If an applicant married couple or recipient married couple who live together, does not reside with others, the state standard of assistance is \$557.~~

(c) If an applicant or recipient resides with another person or persons, the state standard of assistance is \$286.

(d) If an applicant married couple or recipient married couple who live together, resides with others, the state standard of assistance is \$371.

(e) Married couples, living together and receiving MSA on January 1, 1994, and whose eligibility has not been terminated a full calendar month, are exempt from the standards in paragraphs (b) and (d).

Sec. 7. Minnesota Statutes 1992, section 256I.01, is amended to read:

256I.01 [CITATION.]

Sections 256I.01 to 256I.06 shall be cited as the "group residential housing rate act."

Sec. 8. Minnesota Statutes 1992, section 256I.02, is amended to read:

256I.02 [PURPOSE.]

The group residential housing rate act establishes a comprehensive system of rates and payments for persons who reside in a group residence and who meet the eligibility criteria of the general assistance program under sections 256D.01 to 256D.21, or the Minnesota supplemental aid program under sections 256D.33 to 256D.54 under section 256I.04, subdivision 1.

Sec. 9. Minnesota Statutes 1992, section 256I.03, subdivision 2, is amended to read:

Subd. 2. [GROUP RESIDENTIAL HOUSING RATE.] "Group residential housing rate" means a monthly rate set for shelter, fuel, food, utilities, household supplies, and other costs necessary to provide room and board for eligible individuals eligible for general assistance under sections 256D.01 to 256D.21 or supplemental aid under sections 256D.33 to 256D.54. Group residential housing rate does not include payments for foster care for children who are not blind, child welfare services, medical care, dental care, hospitalization, nursing care, drugs or medical supplies, program costs, or other social services. However, the group residential housing rate for recipients living in residences in section 256I.05, subdivision 2, paragraph (c), clause (2), includes all items covered by that residence's medical assistance per diem rate. The rate is negotiated by the county agency or the state according to the provisions of sections 256I.01 to 256I.06.

Sec. 10. Minnesota Statutes 1992, section 256I.03, subdivision 3, is amended to read:

Subd. 3. [GROUP RESIDENTIAL HOUSING.] "Group residential housing" means a group living situation that provides at a minimum room and board to unrelated persons who meet the eligibility requirements of section 256I.04. This definition includes foster care settings for a single adult. To receive payment for a group residence rate, the residence must be licensed by either the department of health or human services and must comply with applicable laws and rules establishing standards for health, safety, and licensure. Secure crisis shelters for battered women and their children designated by the department of corrections are not group residences under this chapter meet the requirements under section 256I.04, subdivision 2a.

Sec. 11. Minnesota Statutes 1992, section 256I.03, is amended by adding a subdivision to read:

Subd. 5. [MSA EQUIVALENT RATE.] "MSA equivalent rate" means an amount equal to the total of:

(1) the combined maximum shelter and basic needs standards for MSA recipients living alone specified in section 256D.44, subdivisions 2, paragraph (a); and 3, paragraph (a); plus

(2) for persons who are not eligible to receive food stamps due to living arrangement, the maximum allotment authorized by the federal Food Stamp Program for a single individual which is in effect on the first day of July each year; less

(3) the personal needs allowance authorized for medical assistance recipients under section 256B.35.

The MSA equivalent rate is to be adjusted on the first day of July each year to reflect changes in any of the component rates under clauses (1) to (3).

Sec. 12. Minnesota Statutes 1992, section 256I.03, is amended by adding a subdivision to read:

Subd. 6. [MEDICAL ASSISTANCE ROOM AND BOARD RATE.] "Medical assistance room and board rate" means an amount equal to the medical assistance income standard for a single individual living alone in the community less the medical assistance personal needs allowance under section 256B.35. For the purposes of this section, the amount of the group residential housing rate that exceeds the medical assistance room and board rate is considered a remedial care cost. A remedial care cost may be used to meet a spend down obligation under section 256B.056, subdivision 5. The medical assistance room and board rate is to be adjusted on the first day of January of each year.

Sec. 13. Minnesota Statutes 1992, section 256I.04, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL ELIGIBILITY REQUIREMENTS.] To be eligible for a group residential housing payment, the individual must be eligible for general assistance under sections 256D.01 to 256D.21, or supplemental aid under sections 256D.33 to 256D.54. If the individual is in the group residence due to illness or incapacity, the individual must be in the residence under a plan developed or approved by the county agency. Residence in other group residences must be approved by the county agency. An individual is eligible for and entitled to a group residential housing payment to be made on the individual's behalf if the county agency has approved the individual's residence in a group residential housing setting and the individual meets the requirements in paragraph (a) or (b).

(a) The individual is aged, blind, or is over 18 years of age and disabled as determined under the criteria used by the title II program of the Social Security Act, and meets the resource restrictions and standards of the supplemental security income program, and the individual's countable income after deducting the exclusions and disregards of the SSI program and the medical assistance personal needs allowance under section 256B.35 is less than the monthly rate specified in the county agency's agreement with the provider of group residential housing in which the individual resides.

(b) The individual's resources are less than the standards specified by section 256D.08, and the individual's countable income as determined under sections 256D.01 to 256D.21, less the medical assistance personal needs allowance under section 256B.35 is less than the monthly rate specified in the county agency's agreement with the provider of group residential housing in which the individual resides.

Sec. 14. Minnesota Statutes 1992, section 256I.04, is amended by adding a subdivision to read:

Subd. 1a. [COUNTY APPROVAL.] A county agency may not approve a group residential housing payment for an individual in any setting with a rate in excess of the MSA equivalent rate for more than 30 days in a calendar year unless the county agency has developed or approved a plan for the individual which specifies that:

(1) the individual has an illness or incapacity which prevents the person from living independently in the community; and

(2) the individual's illness or incapacity requires the services which are available in the group residence.

Sec. 15. Minnesota Statutes 1992, section 256I.04, is amended by adding a subdivision to read:

Subd. 1b. [OPTIONAL STATE SUPPLEMENTS TO SSI.] Group residential housing payments made on behalf of persons eligible under subdivision 1, paragraph (a), are optional state supplements to the SSI program.

Sec. 16. Minnesota Statutes 1992, section 256I.04, is amended by adding a subdivision to read:

Subd. 1c. [INTERIM ASSISTANCE.] Group residential housing payments made on behalf of persons eligible under subdivision 1, paragraph (b), are considered interim assistance payments to applicants for the federal SSI program.

Sec. 17. Minnesota Statutes 1992, section 256I.04, subdivision 2, is amended to read:

Subd. 2. [DATE OF ELIGIBILITY.] For a person living in a group residence who is eligible for general assistance under sections 256D.01 to 256D.21, payment shall be made from the date a signed application form is received by the county agency or the date the applicant meets all eligibility factors, whichever is later. For a person living in a group residence who is eligible for supplemental aid under sections 256D.33 to 256D.54, payment shall be made from the first of the month in which an approved application is received by a county agency. An individual who has met the eligibility requirements of subdivision 1, shall have a group residential housing payment made on the individual's behalf from the first day of the month in which a signed application form is received by a county agency, or the first day of the month in which all eligibility factors have been met, whichever is later.

Sec. 18. Minnesota Statutes 1992, section 2561.04, is amended by adding a subdivision to read:

Subd. 2a. [LICENSE REQUIRED.] A county agency may not enter into an agreement with an establishment to provide group residential housing unless:

(1) the establishment is licensed by the department of health as a hotel and restaurant; a board and lodging establishment; a residential care home; a boarding care home before March 1, 1985; or a supervised living facility, and the service provider for residents of the facility is licensed under chapter 245A; or

(2) the residence is licensed by the commissioner of human services under Minnesota Rules, parts 9555.5050 to 9555.6265, or certified by a county human services agency prior to July 1, 1992, using the standards under Minnesota Rules, parts 9555.5050 to 9555.6265.

The requirements under clauses (1) and (2) do not apply to establishments exempt from state licensure because they are located on Indian reservations and subject to tribal health and safety requirements.

Sec. 19. Minnesota Statutes 1992, section 2561.04, is amended by adding a subdivision to read:

Subd. 2b. [GROUP RESIDENTIAL HOUSING AGREEMENTS.] Agreements between county agencies and providers of group residential housing must be in writing and must specify the name and address under which the establishment subject to the agreement does business and under which the establishment, or service provider, if different from the group residential housing establishment, is licensed by the department of health or the department of human services; the address of the location or locations at which group residential housing is provided under this agreement; the per diem and monthly rates that are to be paid from group residential housing funds for each eligible resident at each location; the number of beds at each location which are subject to the group residential housing agreement; and a statement that the agreement is subject to the provisions of sections 2561.01 to 2561.06 and subject to any changes to those sections.

Sec. 20. Minnesota Statutes 1992, section 2561.04, is amended by adding a subdivision to read:

Subd. 2c. [CRISIS SHELTERS.] Secure crisis shelters for battered women and their children designated by the Minnesota department of corrections are not group residences under this chapter.

Sec. 21. Minnesota Statutes 1992, section 2561.04, subdivision 3, is amended to read:

Subd. 3. [MORATORIUM ON THE DEVELOPMENT OF GROUP RESIDENTIAL HOUSING BEDS.] (a) County agencies shall not enter into agreements for new general assistance or Minnesota supplemental aid group residence residential housing beds except: (1) for adult foster homes licensed by the commissioner of human services under Minnesota Rules, parts 9555.5105 to 9555.6265 for group residential housing establishments meeting the requirements of subdivision 2a, clause (2); (2) for facilities group residential housing establishments licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the facility is needed to meet the census reduction targets for persons with mental retardation or related conditions at regional treatment centers; (3) to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with mental retardation or related conditions or mental illness; or (4) up to 80 beds in a single, specialized facility located in Hennepin county that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication. Planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the housing finance agency under section 462A.05, subdivision 20a, paragraph (b).

(b) A county agency may enter into a group residential housing agreement for beds in addition to those currently covered under a group residential housing agreement if the additional beds are only a replacement of beds which have been made available due to closure of a setting, a change of licensure or certification which removes the beds from group residential housing payment, or as a result of the downsizing of a group residential housing setting. The transfer of available beds from one county to another can only occur by the agreement of both counties.

(c) Group residential housing beds which become available as a result of downsizing settings which have a license issued under Minnesota Rules, parts 9520.0500 to 9520.0690, must be permanently removed from the group residential housing census and not replaced.

Sec. 22. Minnesota Statutes 1992, section 256I.05, subdivision 1, is amended to read:

Subdivision 1. [~~MONTHLY MAXIMUM RATES.~~] (a) ~~Monthly payments for room and board rates negotiated by a county agency, or set by the department under rules developed pursuant to subdivision 6, on behalf of for a recipient living in a group residence residential housing must be paid at the rates in effect on June 30, 1991, not to exceed \$966.37 for a group residence that entered into an initial group residential housing agreement with a county agency before June 1, 1989 the MSA equivalent rate specified under section 256I.03, subdivision 5, with the exception that a county agency may negotiate a room and board rate that exceeds the MSA equivalent rate by up to \$426.37 for recipients of waiver services under title XIX of the Social Security Act. This exception is subject to the following conditions:~~

~~(1) that the secretary of health and human services has not approved a state request to include room and board costs which exceed the MSA equivalent rate in an individual's set of waiver services under title XIX of the Social Security Act; or~~

~~(2) that the secretary of health and human services has approved the inclusion of room and board costs which exceed the MSA equivalent rate, but in an amount that is insufficient to cover costs which are included in a group residential housing agreement in effect on June 30, 1994, and the amount of the rate that is above the MSA equivalent rate has been approved by the commissioner. The county agency may at any time negotiate a lower payment room and board rate than the rate that would otherwise be paid under this subdivision.~~

~~(b) The maximum monthly rate for an establishment that enters into an initial group residential housing agreement with a county agency on or after June 1, 1989, may not exceed 90 percent of the maximum rate established under subdivision 1. This is effective until June 30, 1994.~~

Sec. 23. Minnesota Statutes 1992, section 256I.05, subdivision 1a, is amended to read:

Subd. 1a. [~~LOWER MAXIMUM SUPPLEMENTARY RATES.~~] (a) ~~The maximum monthly rate for a general assistance or Minnesota supplemental aid group residence that enters into an initial group residential housing agreement with a county agency on or after June 1, 1989, may not exceed 90 percent of the maximum rate established under subdivision 1. This is effective until June 30, 1993, or until the statewide system authorized under subdivision 6 is established, whichever occurs first.~~

~~(b) The maximum monthly rate for a general assistance or Minnesota supplemental aid group residence that is neither licensed by nor registered with the Minnesota department of health, or licensed by the department of human services, to provide programs or services in addition to room and board is an amount equal to the total of:~~

~~(1) the combined maximum shelter and basic needs standards for Minnesota supplemental aid recipients living alone specified in section 256D.44, subdivisions 2, paragraph (a), and 3, paragraph (a); plus~~

~~(2) for persons who are not eligible to receive food stamps due to living arrangements, the maximum allotment authorized by the federal food stamp program for a single individual which is in effect on the first day of July each year, less~~

~~(3) the personal needs allowance authorized for medical assistance recipients under section 256B.35. In addition to the room and board rate specified in subdivision 1, the county agency may negotiate a payment not to exceed \$426.37 for other services necessary to provide room and board provided by the group residence if the residence is licensed by or registered by the department of health, or licensed by the department of human services to provide services in addition to room and board, and if the recipient of services is not also concurrently receiving services under a home and community-based waiver under title XIX of the Social Security Act or residing in a setting which receives funding under Minnesota Rules, parts 9535.2000 to 9535.3000. The registration and licensure requirement does not apply to establishments which are exempt from state licensure because they are located on Indian reservations and for which the tribe has prescribed health and safety requirements. Service payments under this section may be prohibited under rules to prevent the supplanting of federal funds with state funds. The commissioner shall pursue the feasibility of obtaining the approval of the secretary of health and human services to provide home and community-based waiver services under title XIX of the Social Security Act for residents who are not eligible for an existing home and community-based waiver due to a primary diagnosis of mental illness or chemical dependency, and shall apply for a waiver if it is determined to be cost effective.~~

Sec. 24. Minnesota Statutes 1992, section 256I.05, is amended by adding a subdivision to read:

Subd. 1c. [RATE INCREASES.] A county agency may not increase the rates negotiated for group residential housing above those in effect on June 30, 1993, except:

(a) A county may increase the rates for group residential housing settings to the MSA equivalent rate for those settings whose current rate is below the MSA equivalent rate.

(b) A county agency may increase the rates for residents in adult foster care whose difficulty of care has increased. The total group residential housing rate for these residents must not exceed the maximum rate specified in subdivisions 1 and 1a. County agencies must not include nor increase group residential housing difficulty of care rates for adults in foster care whose difficulty of care is eligible for funding by home and community-based waiver programs under title XIX of the Social Security Act.

(c) The room and board rates will be increased each year when the MSA equivalent rate is adjusted for SSI cost-of-living increases by the amount of the annual SSI increase, less the amount of the increase in the medical assistance personal needs allowance under section 256B.35.

(d) When a group residential housing rate is used to pay for an individual's room and board, or other costs necessary to provide room and board, the rate payable to the residence must continue for up to 18 calendar days per incident that the person is temporarily absent from the residence, not to exceed 60 days in a calendar year, if the absence or absences have received the prior approval of the county agency's social service staff. Prior approval is not required for emergency absences due to crisis, illness or injury.

(e) For facilities meeting substantial change criteria within the prior year. Substantial change criteria exists if the group residential housing establishment experiences a 25 percent increase or decrease in the total number of its beds, if the net cost of capital additions or improvements is in excess of 15 percent of the current market value of the residence, or if the residence physically moves, or changes its licensure, and incurs a resulting increase in operation and property costs.

(f) Until June 30, 1994, a county agency may increase by up to five percent the total rate paid for recipients of assistance under sections 256D.01 to 256D.21 or 256D.33 to 256D.54 who reside in residences that are licensed by the commissioner of health as a boarding care home, but are not certified for the purposes of the medical assistance program. However, an increase under this clause must not exceed an amount equivalent to 65 percent of the 1991 medical assistance reimbursement rate for nursing home resident class A, in the geographic grouping in which the facility is located, as established under Minnesota Rules, parts 9549.0050 to 9549.0058.

Sec. 25. Minnesota Statutes 1992, section 256I.05, subdivision 2, is amended to read:

Subd. 2. [MONTHLY RATES; EXEMPTIONS.] (a) The maximum group residential housing rate does not apply to a residence that on August 1, 1984, was licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, and licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690.

(b) The maximum group residential housing rate does not apply to a residence that on August 1, 1984, was licensed by the commissioner of human services under Minnesota Rules, parts 9525.0520 to 9525.0660, but funded as a group residence under general assistance or Minnesota supplemental aid.

Sec. 26. Minnesota Statutes 1992, section 256I.05, subdivision 8, is amended to read:

Subd. 8. [STATE PARTICIPATION.] For a resident of a group residence who is eligible for general assistance under sections 256D.01 to 256D.21 section 256I.04, subdivision 1, paragraph (b), state participation in the group residential housing rate payment is determined according to section 256D.03, subdivision 2. For a resident of a group residence who is eligible under sections 256D.33 to 256D.54 section 256I.04, subdivision 1, paragraph (a), state participation in the group residential housing rate is determined according to section 256D.36.

Sec. 27. Minnesota Statutes 1992, section 256I.06, is amended to read:

256I.06 [PAYMENT METHODS.]

~~When a group residential housing rate is used to pay the room and board costs of a person eligible under sections 256D.01 to 256D.21, the Monthly payment may Subdivision 1. [MONTHLY PAYMENTS.] Monthly payments made on an individual's behalf for group residential housing must be issued as a voucher or vendor payment. When a group residential housing rate is used to pay the room and board costs of a person eligible under sections 256D.33 to 256D.54, payments must be made to the recipient. If a recipient is not able to manage the recipient's finances, a representative payee must be appointed.~~

Subd. 2. [TIME OF PAYMENT.] A county agency may make payments to a group residence in advance for an individual whose stay in the group residence is expected to last beyond the calendar month for which the payment is made and who does not expect to receive countable earned income during the month for which the payment is made. Group residential housing payments made by a county agency on behalf of an individual who is not expected to remain in the group residence beyond the month for which payment is made must be made subsequent to the individual's departure from the group residence. Group residential housing payments made by a county agency on behalf of an individual with earned income must be made subsequent to receipt of a monthly household report form.

Subd. 3. [FILING OF APPLICATION.] The county agency must immediately provide an application form to any person requesting group residential housing. Application for group residential housing must be in writing on a form prescribed by the commissioner. The county agency must determine an applicant's eligibility for group residential housing as soon as the required verifications are received by the county agency and within 30 days after a signed application is received by the county agency for the aged or blind or within 60 days for the disabled.

Subd. 4. [VERIFICATION.] The county agency must request, and applicants and recipients must provide and verify, all information necessary to determine initial and continuing eligibility and group residential housing payment amounts. If necessary, the county agency shall assist the applicant or recipient in obtaining verifications. If the applicant or recipient refuses or fails without good cause to provide the information or verification, the county agency shall deny or terminate eligibility for group residential housing payments.

Subd. 5. [REDETERMINATION OF ELIGIBILITY.] The eligibility of each recipient must be redetermined at least once every 12 months.

Subd. 6. [REPORTS.] Recipients must report changes in circumstances that affect eligibility or group residential housing payment amounts within ten days of the change. Recipients with earned income must complete a monthly household report form. If the report form is not received before the end of the month in which it is due, the county agency must terminate eligibility for group residential housing payments. The termination shall be effective on the first day of the month following the month in which the report was due. If a complete report is received within the month eligibility was terminated, the individual is considered to have continued an application for group residential housing payment effective the first day of the month the eligibility was terminated.

Subd. 7. [DETERMINATION OF RATES.] The county in which a group residence is located will determine the amount of group residential housing rate to be paid on behalf of an individual in the group residence regardless of the individual's county of financial responsibility.

Subd. 8. [AMOUNT OF GROUP RESIDENTIAL HOUSING PAYMENT.] The amount of a group residential housing payment to be made on behalf of an eligible individual is determined by subtracting the individual's countable income under section 256I.04, subdivision 1, for a whole calendar month from the group residential housing charge for that same month. The group residential housing charge is determined by multiplying the group residential housing rate times the period of time the individual was a resident or temporarily absent under section 256I.05, subdivision 1c, paragraph (d).

Sec. 28. [TRANSFER OF GROUP RESIDENTIAL HOUSING FUNDS.]

Upon federal approval of payment under the home and community-based waiver provisions for room and board costs in addition to the MSA equivalent rate defined in Minnesota Statutes, section 256I.03, the commissioner of human services shall transfer anticipated group residential housing expenditures to the medical assistance account to meet the nonfederal share requirement of funding these additional costs as home and community-based services. Any transfer of group residential housing funds to the medical assistance account shall correspond to the increase in the waiver rates resulting from medical assistance payment for unusual room and board costs in excess of the MSA equivalent rate.

Sec. 29. [REPEALER.]

Minnesota Statutes 1992, sections 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; and 256I.051, are repealed.

Sec. 30. [EFFECTIVE DATES.]

Subdivision 1. Section 25 is effective July 1, 1994.

Subd. 2. Sections 1 to 3, 8, 9, 13 to 17, 22, 23, and 26 to 29 are effective July 1, 1994, contingent upon federal recognition that group residential housing payments qualify as optional state supplement payments to the supplemental security income program under title XVI of the Social Security Act and confer categorical eligibility for medical assistance under the state plan for medical assistance.

Subd. 3. Sections 4 to 6 are effective January 1, 1994.

Subd. 4. Implementation of section 12 is contingent upon approval by the Secretary of Health and Human Services of the definition and procedure contained in that section.

ARTICLE 9

HEALTH DEPARTMENT

Section 1. [115C.082] [LEAD FUND.]

Subdivision 1. [FUND ESTABLISHED.] A lead fund is created in the state treasury. The fund consists of all revenue deposited in the fund under sections 115C.081 and 297E.01, subdivision 11, and all other money and interest made available to the fund by law.

Subd. 2. [USES OF FUND.] (a) Money in the lead fund may be appropriated for:

- (1) all lead programs administered by the commissioner of jobs and training;
- (2) all lead activities and programs administered by the commissioner of health; and
- (3) all lead programs administered by the commissioner of the housing finance agency.

(b) Money in the lead fund must be annually distributed for lead abatement as follows:

(1) 25 percent to the commissioner of health for lead activities and programs including contracting with community health boards;

(2) ten percent to the housing development fund for lead programs; and

(3) the remainder to the commissioner of jobs and training for lead abatement programs.

(c) In expending funds under this program, the commissioner of health shall abide by the following requirements:

(1) no funds shall be spent for lead screening unless the board of health or grantee meets the center for disease control proficiency requirements and the analytical requirements specified in section 144.873, subdivision 3. The commissioner may make grants that include providing the appropriate analytical equipment in order to meet this condition;

(2) no money shall be provided to boards of health who issue abatement orders inconsistent with the rules promulgated under section 144.878; and

(3) before issuing a contract to boards of health, outside a city of the first class, the commissioner of health shall evaluate the need and cost effectiveness of contracting for sanitation and public health nurse services to determine whether the contract grant should be with an individual board of health, or a group of boards of health, or whether services should be delivered by the commissioner. Nothing in this provision is designed to restrict grants for lead education or lead screening.

Sec. 2. Minnesota Statutes 1992, section 116.76, subdivision 14, is amended to read:

Subd. 14. [PATHOLOGICAL WASTE.] "Pathological waste" means human tissues and body parts removed accidentally or during surgery or autopsy intended for disposal. ~~Pathological waste does not include teeth.~~

Sec. 3. Minnesota Statutes 1992, section 116.78, subdivision 4, is amended to read:

Subd. 4. [SHARPS.] Sharps, except those generated from a household or from a farm operation or agricultural business:

(1) must be placed in puncture-resistant containers;

(2) may not be compacted or mixed with other waste material whether or not the sharps are decontaminated unless it is part of an infectious waste decontamination process approved by the ~~commissioner of health or the~~ commissioner of the pollution control agency that will prevent exposure during transportation and disposal; and

(3) may not be disposed of at refuse-derived fuel facilities or at other facilities where waste is hand sorted.

Sec. 4. Minnesota Statutes 1992, section 116.78, subdivision 7, is amended to read:

Subd. 7. [COMPACTION AND MIXTURE WITH OTHER WASTES.] Infectious waste may not be compacted or mixed with other waste materials prior to incineration or disposal. Compaction is acceptable if it is part of an infectious waste system, approved by the ~~commissioner of health or the~~ commissioner of the pollution control agency, that is designed to prevent exposure during storage, transportation, and disposal.

Sec. 5. Minnesota Statutes 1992, section 116.79, subdivision 1, is amended to read:

Subdivision 1. [PREPARATION OF MANAGEMENT PLANS.] (a) To the extent applicable to the facility, a person in charge of a facility that generates, stores, decontaminates, incinerates, or disposes of infectious or pathological waste must prepare a management plan for the infectious or pathological waste handled by the facility. A person may prepare a common management plan for all generating facilities owned and operated by the person. If a single plan is prepared to cover multiple facilities, the plan must identify common policy and procedures for the facilities and any management procedures that are facility specific. The plan must identify each generating facility covered by the plan. A management plan must list all physicians, dentists, chiropractors, podiatrists, veterinarians, certified nurse practitioners, certified nurse midwives, or physician assistants, employed by, under contract to, or working at the generating facilities, except hospitals or laboratories. A management plan from a hospital must list the number of licensed beds and from a laboratory must list the number of generating employees.

(b) The management plan must describe, to the extent the information is applicable to the facility:

(1) the type of infectious waste and pathological waste that the person generates or handles;

(2) the segregation, packaging, labeling, collection, storage, and transportation procedures for the infectious waste or pathological waste that will be followed;

(3) the decontamination or disposal methods for the infectious or pathological waste that will be used;

(4) the transporters and disposal facilities that will be used for the infectious waste;

(5) the steps that will be taken to minimize the exposure of employees to infectious agents throughout the process of disposing of infectious or pathological wastes; and

(6) the name of the individual responsible for the management of the infectious waste or pathological waste.

(c) The management plan must be kept at the facility.

(d) To the extent applicable to the facility, management plans must be accompanied by a statement of the quantity of infectious and pathological waste generated, decontaminated, stored, incinerated, or disposed of at the facility during the previous two-year period. Quantities shall be reported in ~~gallons or pounds~~. ~~The commissioner of health shall prepare a summary of the quantities of infectious and pathological waste generated, by facility type.~~

(e) A management plan must be updated ~~and resubmitted~~ at least once every two years.

Sec. 6. Minnesota Statutes 1992, section 116.79, subdivision 4, is amended to read:

Subd. 4. [PLANS FOR STORAGE, DECONTAMINATION, INCINERATION, AND DISPOSAL FACILITIES.] (a) A person who stores, incinerates, or decontaminates infectious or pathological waste, other than at the facility where the waste was generated, or a person who incinerates ~~or disposes of~~ infectious or pathological waste on site, must submit a copy of the management plan to the commissioner of the pollution control agency with a fee of \$225. The fee must be deposited in the state treasury and credited to the general fund. ~~A person who incinerates on site must submit an attachment to the generator's management plan detailing the incineration operation.~~

(b) The commissioner shall review the plans and may require a plan to be modified within 180 days after the plan is submitted if the commissioner determines that the plan is not consistent with state or federal law or that the plan is not adequate to minimize exposure of persons to the waste.

Sec. 7. Minnesota Statutes 1992, section 116.80, subdivision 1, is amended to read:

Subdivision 1. [TRANSFER OF INFECTIOUS WASTE.] (a) A generator may not transfer infectious waste to a commercial transporter unless the transporter is registered with the commissioner.

(b) A transporter may not deliver infectious waste to a facility prohibited to accept the waste.

(c) A person who is registered to transport infectious waste may not refuse waste generated from a facility that is properly packaged and labeled as ~~"infectious waste."~~

Sec. 8. Minnesota Statutes 1992, section 116.80, subdivision 2, is amended to read:

Subd. 2. [PREPARATION OF MANAGEMENT PLANS.] (a) A commercial transporter in charge of a business that transports infectious waste must prepare a management plan for the infectious waste handled by the commercial transporter.

(b) The management plan must describe, to the extent the information is applicable to the commercial transporter:

(1) the type of infectious waste that the commercial transporter handles;

(2) the transportation procedures for the infectious waste that will be followed;

(3) the disposal facilities that will be used for the infectious waste;

(4) the steps that will be taken to minimize the exposure of employees to infectious agents throughout the process of transporting and disposing of infectious waste; and

(5) the name of the individual responsible for the transportation and management of the infectious waste.

(c) The management plan must be kept at the commercial transporter's principal place of business.

(d) Management plans must be accompanied by a statement of the quantity of infectious waste transported during the previous two-year period. Quantities shall be reported in ~~gallons or pounds~~.

(e) A management plan must be updated and resubmitted at least once every two years.

(f) The commissioner shall review the plans and may require a plan to be modified within 180 days after the plan is submitted if the commissioner determines that the plan is not consistent with state or federal law or that the plan is not adequate to minimize exposure of persons to the waste.

Sec. 9. Minnesota Statutes 1992, section 116.81, subdivision 1, is amended to read:

Subdivision 1. [AGENCY RULES.] The agency, in consultation with the commissioner of health, may adopt rules to implement sections 116.76 to 116.82. ~~The agency has primary responsibility for rules relating to transportation of infectious waste and facilities storing, transporting, decontaminating, incinerating, and disposing of infectious waste.~~ The agency, before adopting rules affecting animals or research animal waste, must consult the commissioner of agriculture and the board of animal health.

Sec. 10. Minnesota Statutes 1992, section 116.82, subdivision 3, is amended to read:

Subd. 3. [LOCAL ENFORCEMENT.] Sections 116.76 to 116.81 may be enforced by a county by delegation of enforcement authority granted to the ~~commissioner of health and the~~ agency in section 116.83. Separate enforcement actions may not be brought by a state agency and a county for the same violations. The state or county may not bring an action that is being enforced by the federal Office of Safety and Health Administration.

Sec. 11. Minnesota Statutes 1992, section 116.83, subdivision 1, is amended to read:

Subdivision 1. [~~STATE RESPONSIBILITIES ENFORCEMENT AUTHORITY.~~] The agency ~~or the commissioner of health~~ may enforce sections 116.76 to 116.81. ~~The commissioner of health is primarily responsible for enforcement involving generators. The agency is primarily responsible for enforcement involving other persons subject to sections 116.76 to 116.81.~~

Sec. 12. Minnesota Statutes 1992, section 116.83, subdivision 3, is amended to read:

Subd. 3. [ACCESS TO INFORMATION AND PROPERTY.] Subject to section 144.651, the commissioner of the pollution control agency ~~or the commissioner of health~~ may on presentation of credentials, during regular business hours:

(1) examine and copy any books, records, memoranda, or data that is related to compliance with sections 116.76 to 116.81; and

(2) enter public or private property regulated by sections 116.76 to 116.81 for the purpose of taking an action authorized by this section including obtaining information and conducting investigations.

Sec. 13. [116.87] [DEFINITIONS.]

Subdivision 1. [RESIDENTIAL LEAD PAINT WASTE.] "Residential lead paint waste" means waste produced by removing lead paint from the interior or exterior structure or the ground surface of a residence. Residential lead paint waste does not include:

(1) lead paint waste removed with the aid of any chemical paint stripper; or

(2) lead paint waste that is mixed with water and that contains any free liquid.

Subd. 2. [RESIDENCE.] The term "residence" has the meaning given in rules adopted under sections 144.871 to 144.879.

Sec. 14. [116.88] [AUTHORIZED MANAGEMENT METHODS.]

Subdivision 1. [DISPOSAL.] Notwithstanding any other law, a person who disposes of residential lead paint waste in the state may dispose of the waste at:

(1) a land disposal facility that meets the requirements of Minnesota Rules, chapter 7045;

(2) a facility that meets the requirements for a new mixed municipal solid waste land disposal facility under Minnesota Rules, chapter 7035 that began operation after January 1, 1989;

(3) a demolition debris land disposal facility equipped with a clay or artificial liner and leachate collection system;
or

(4) a solid waste incinerator ash landfill if disposal is approved by the commissioner in accordance with agency rules.

Subd. 2. [MANAGEMENT RESPONSIBILITY; NOT TRANSFERABLE TO OCCUPANT.] (a) A person whose activities produce residential lead paint waste is responsible for the management and proper disposal of the waste.

(b) When residential lead paint waste is produced by activities of a person other than the occupant of the residence from which the waste is removed, the person shall not leave the residential lead paint waste at that residence and shall not transfer responsibility for managing or disposing of the waste to the occupant.

Subd. 3. [WASTE PRODUCED BY OCCUPANT.] Residential lead paint waste produced by activities of the occupant of the residence from which the waste is removed must be managed as provided by law for household hazardous waste.

Subd. 4. [DEMOLITION DEBRIS.] Residential lead paint waste attached to woodwork, walls, or other elements removed from the structure of a residence that constitute demolition debris may be disposed of at any permitted demolition debris land disposal facility.

Sec. 15. [116.89] [PROHIBITED METHODS OF MANAGEMENT.]

Subdivision 1. [UNLINED LANDFILLS.] Except as provided in section 116.88, subdivision 4, no person shall dispose of residential lead paint waste at an unlined land disposal facility.

Subd. 2. [INCINERATION.] No person shall send or accept residential lead paint waste for incineration by a mixed municipal solid waste incinerator.

Sec. 16. [116.90] [RECYCLING AND TREATMENT.]

Nothing in sections 116.87 to 116.91 is intended to prevent or discourage treatment or recycling of residential lead paint waste. The commissioner shall encourage treatment and recycling of residential lead paint waste.

Sec. 17. [116.91] [ENFORCEMENT.]

Subdivision 1. [RULES.] The Minnesota pollution control agency may adopt rules necessary to implement and enforce the provisions of sections 116.87 to 116.90, including rules to regulate the transportation, storage, disposal, and other management of residential lead paint waste after the waste leaves the site where it was produced.

Subd. 2. [LICENSE REVOCATION.] In addition to enforcement by the Minnesota pollution control agency, the commissioner of health may revoke the license of an abatement contractor that violates any provision of sections 116.87 to 116.90 or the rules adopted under subdivision 1.

Sec. 18. Minnesota Statutes 1992, section 144.122, is amended to read:

144.122 [LICENSE AND PERMIT FEES.]

(a) The state commissioner of health, by rule, may prescribe reasonable procedures and fees for filing with the commissioner as prescribed by statute and for the issuance of original and renewal permits, licenses, registrations, and certifications issued under authority of the commissioner. The expiration dates of the various licenses, permits, registrations, and certifications as prescribed by the rules shall be plainly marked thereon. Fees may include application and examination fees and a penalty fee for renewal applications submitted after the expiration date of the previously issued permit, license, registration, and certification. The commissioner may also prescribe, by rule, reduced fees for permits, licenses, registrations, and certifications when the application therefor is submitted during the last three months of the permit, license, registration, or certification period. Fees proposed to be prescribed in the rules shall be first approved by the department of finance. All fees proposed to be prescribed in rules shall be reasonable. The fees shall be in an amount so that the total fees collected by the commissioner will, where practical, approximate the cost to the commissioner in administering the program. All fees collected shall be deposited in the state treasury and credited to the general state government special revenue fund unless otherwise specifically appropriated by law for specific purposes.

(b) The commissioner may charge a fee for voluntary certification of medical laboratories and environmental laboratories, and for environmental and medical laboratory services provided by the department, without complying with paragraph (a) or chapter 14. Fees charged for environment and medical laboratory services provided by the department must be approximately equal to the costs of providing the services.

(c) The commissioner may develop a schedule of fees for diagnostic evaluations conducted at clinics held by the services for children with handicaps program. All receipts generated by the program are annually appropriated to the commissioner for use in the maternal and child health program.

(d) The commissioner, for fiscal years 1993 and beyond, shall set license fees for hospitals and nursing homes that are not boarding care homes at a level sufficient to recover, over a two-year period, the deficit associated with the collection of license fees from these facilities. The license fees for these facilities shall be set at the following levels:

Joint Commission on Accreditation of Healthcare Organizations (JCAHO hospitals)	\$2,142
Non-JCAHO hospitals	\$2,228 plus \$138 per bed
Nursing home	\$324 plus \$76 per bed

For fiscal years 1993 and beyond, the commissioner shall set license fees for outpatient surgical centers, boarding care homes, and supervised living facilities at a level sufficient to recover, over a four-year period, the deficit associated with the collection of license fees from these facilities. The license fees for these facilities shall be set at the following levels:

Outpatient surgical centers	\$1,645
Boarding care homes	\$249 plus \$58 per bed
Supervised living facilities	\$249 plus \$58 per bed.

Sec. 19. Minnesota Statutes 1992, section 144.123, subdivision 1, is amended to read:

Subdivision 1. [WHO MUST PAY.] Except for the limitation contained in this section, the commissioner of health shall charge a handling fee for each specimen submitted to the department of health for analysis for diagnostic purposes by any hospital, private laboratory, private clinic, or physician. No fee shall be charged to any entity which receives direct or indirect financial assistance from state or federal funds administered by the department of health, including any public health department, nonprofit community clinic, venereal disease clinic, family planning clinic, or similar entity. The commissioner of health may establish by rule other exceptions to the handling fee as may be necessary to gather information for epidemiologic purposes. All fees collected pursuant to this section shall be deposited in the state treasury and credited to the general state government special revenue fund.

Sec. 20. Minnesota Statutes 1992, section 144.226, subdivision 2, is amended to read:

Subd. 2. [FEES TO GENERAL STATE GOVERNMENT SPECIAL REVENUE FUND.] Fees collected under this section by the state registrar shall be deposited to the general state government special revenue fund.

Sec. 21. Minnesota Statutes 1992, section 144.3831, subdivision 2, is amended to read:

Subd. 2. [COLLECTION AND PAYMENT OF FEE.] The public water supply described in subdivision 1 shall:

(1) collect the fees assessed on its service connections;

(2) pay the department of revenue an amount equivalent to the fees based on the total number of service connections. The service connections for each public water supply described in subdivision 1 shall be verified every four years by the department of health; and

(3) pay one-fourth of the total yearly fee to the department of revenue each calendar quarter. The first quarterly payment is due on or before September 30, 1992. In lieu of quarterly payments, a public water supply described in subdivision 1 with fewer than 50 service connections may make a single annual payment by June 30 each year, starting in 1993. The fees payable to the department of revenue shall be deposited in the state treasury as nondedicated general state government special revenue fund revenues.

Sec. 22. Minnesota Statutes 1992, section 144.802, subdivision 1, is amended to read:

Subdivision 1. [LICENSES; CONTENTS, CHANGES, AND TRANSFERS.] No natural person, partnership, association, corporation or unit of government may operate an ambulance service within this state unless it possesses a valid license to do so issued by the commissioner. The license shall specify the base of operations, primary service area, and the type or types of ambulance service for which the licensee is licensed. The licensee shall obtain a new license if it wishes to establish a new base of operation, or to expand its primary service area, or to provide a new type or types of service. A license, or the ownership of a licensed ambulance service, may be transferred only after the approval of the commissioner, based upon a finding that the proposed licensee or proposed new owner of a licensed ambulance service meets or will meet the requirements of section 144.804. If the proposed transfer would result in a change in or addition of a new base of operations, expansion of the service's primary service area, or provision of a new type or types of ambulance service, the commissioner shall require the prospective licensee or owner to comply with subdivision 3. The commissioner may approve the license or ownership transfer prior to completion of the application process described in subdivision 3 upon obtaining written assurances from the proposed licensee or proposed new owner that no change in the service's base of operations, expansion of the service's primary service area, or provision of a new type or types of ambulance service will occur during the processing of the application. The cost of licenses shall be in an amount prescribed by the commissioner pursuant to section 144.122. Licenses shall expire and be renewed as prescribed by the commissioner pursuant to section 144.122. Fees collected shall be deposited to the trunk highway fund.

Sec. 23. Minnesota Statutes 1992, section 144.8091, subdivision 1, is amended to read:

Subdivision 1. [REPAYMENT FOR VOLUNTEER TRAINING.] Any political subdivision, or nonprofit hospital or nonprofit corporation operating a licensed ambulance service shall be reimbursed by the commissioner for the necessary expense of the initial training of a volunteer ambulance attendant upon successful completion by the attendant of a basic emergency care course, or a continuing education course for basic emergency care, or both, which has been approved by the commissioner, pursuant to section 144.804. Reimbursement may include tuition, transportation, food, lodging, hourly payment for the time spent in the training course, and other necessary expenditures, except that in no instance shall a volunteer ambulance attendant be reimbursed more than ~~\$350~~ \$450 for successful completion of a basic course, and ~~\$140~~ \$225 for successful completion of a continuing education course.

Sec. 24. Minnesota Statutes 1992, section 144.871, subdivision 2, is amended to read:

Subd. 2. [ABATEMENT.] "Abatement" means removal of, replacement of, or encapsulation of deteriorated paint, bare soil, dust, drinking water, or other lead-containing materials that are or may become readily accessible during the lead abatement process and pose an immediate threat of actual lead exposure to people.

Sec. 25. Minnesota Statutes 1992, section 144.871, subdivision 6, is amended to read:

Subd. 6. [ELEVATED BLOOD LEAD LEVEL.] "Elevated blood lead level" in a child ~~no more than six years old before the sixth birthday~~ or in a pregnant woman means a blood lead level that exceeds the federal Centers for Disease Control guidelines for preventing lead poisoning in young children, unless the commissioner finds that a lower concentration is necessary to protect public health.

Sec. 26. Minnesota Statutes 1992, section 144.871, subdivision 7a, is amended to read:

Subd. 7a. [HIGH RISK FOR TOXIC LEAD EXPOSURE.] "High risk for toxic lead exposure" means ~~either a census tract that meets one or more of the following criteria:~~

(1) ~~that a census tract where~~ elevated blood lead levels have been diagnosed in a population of children or pregnant women;

(2) ~~without blood lead data, that a population of children or pregnant women resides in:~~

(i) a census tract with many residential structures known to have or suspected of having deteriorated lead-based paint; or

(ii) (3) a census tract with a median soil lead concentration greater than 100 parts per million for any sample collected according to Minnesota Rules, part 4761.0400, subpart 8, and rules adopted under section 144.878; ~~or~~

(3) ~~the priorities adopted by the commissioner under section 144.878, subdivision 2, shall apply to this subdivision.~~

Sec. 27. Minnesota Statutes 1992, section 144.871, subdivision 7b, is amended to read:

Subd. 7b. [PRIMARY PREVENTION FOR TOXIC LEAD EXPOSURE.] "Primary prevention for toxic lead exposure" means ~~performance of swab team services, encapsulation, and removal and replacement abatement, including lead cleanup and health education, before children develop elevated blood lead levels; includes any or all of the following:~~

(1) education of the general public in populations where children under six years of age and pregnant women have been identified with blood lead levels greater than nine micrograms per deciliter;

(2) education for property owners and renters concerning in-place management of potential lead hazards to create lead-safe housing;

(3) in-place management of potential lead hazards using swab team services or property owner or renter lead abatement activities; and

(4) encapsulation, and removal and replacement abatement where necessary to make the residence lead safe.

Sec. 28. Minnesota Statutes 1992, section 144.871, is amended by adding a subdivision to read:

Subd. 7c. [LEAD INSPECTOR.] "Lead inspector" means a person who has successfully completed a training course in investigation of residences for possible sources of lead exposure and who is licensed by the commissioner under section 144.877 to perform this activity.

Sec. 29. Minnesota Statutes 1992, section 144.871, is amended by adding a subdivision to read:

Subd. 7d. [PERSON.] "Person" has the meaning given in section 1031.005, subdivision 16.

Sec. 30. Minnesota Statutes 1992, section 144.871, subdivision 9, is amended to read:

Subd. 9. [SWAB TEAM.] "Swab team" means a person or persons who implement in-place management of lead exposure sources, ~~which includes.~~ Swab team services include any or all of the following:

(1) covering or replacing bare soil that has a lead concentration of 100 parts per million, and establishing safe exterior play and garden areas; removing lead dust by washing, vacuuming, and cleaning the interior of residential property;

(2) other means that immediately protect children who engage in mouthing or pica behavior from lead sources, including cleanup and health education, advice and assistance to help a family locate and move to a temporary lead-safe residence while abatement is being completed, or to help a family locate and move to alternate lead-safe housing when abatement is not completed by the property owner, and any other assistance necessary to meet the family's immediate needs as a result of the relocation;

(3) removing loose paint and paint chips and installing guards to protect intact paint; and

(3) removing lead dust by washing, vacuuming, and cleaning the interior of residential property including carpets;
and

(4) other means, including cleanup and health education, that immediately protect children who engage in mouthing or pica behavior from lead sources covering or replacing bare soil that has a lead concentration of 100 parts per million, and establishing safe exterior play and garden areas.

Sec. 31. Minnesota Statutes 1992, section 144.871, is amended by adding a subdivision to read:

Subd. 10. [VENOUS BLOOD SAMPLE.] "Venous blood sample" means a quantity of blood drawn from a vein.

Sec. 32. Minnesota Statutes 1992, section 144.872, subdivision 2, is amended to read:

Subd. 2. [HOME ASSESSMENTS.] (a) The commissioner shall, within available federal or state appropriations, contract with boards of health, who may determine priority for responding to cases of elevated blood lead levels, to conduct assessments to determine sources of lead contamination in the residences of pregnant women whose blood lead levels are at least ten micrograms per deciliter and of children whose blood lead levels are at least 20 micrograms per deciliter or whose blood lead levels persist in the range of 15 to 19 micrograms per deciliter for 90 days after initial identification to the board of health or the commissioner. Assessments must be conducted within five working days of the board of health receiving notice that the criteria in this subdivision have been met. The commissioner or boards of health must be notified of all violations of standards under section 144.878, subdivision 2, that are identified during a home assessment.

(b) The commissioner or boards of health must identify the known addresses for the previous 12 months of the child or pregnant woman with elevated blood lead levels and notify the property owners at those addresses. The commissioner may also collect information on the race, sex, and family income of children and pregnant women with elevated blood lead levels.

(c) Within the limits of appropriations, a board of health shall conduct home assessments for children and pregnant women whose confirmed blood lead levels are in the range of ten to 19 micrograms per deciliter.

(d) The commissioner shall also provide educational materials on all sources of lead to boards of health to provide education on ways of reducing the danger of lead contamination. The commissioner may provide laboratory or field lead testing equipment to a board of health or may reimburse a board of health for direct costs associated with assessments.

Sec. 33. Minnesota Statutes 1992, section 144.872, subdivision 3, is amended to read:

Subd. 3. [SAFE HOUSING.] The commissioner shall, within the limits of available appropriations, contract with boards of health for safe housing to be used in meeting relocation requirements in section 144.874, subdivision 4. The commissioner shall, within available federal or state appropriations, award grants to boards of health for the purposes of paying housing and relocation costs under section 144.874, subdivision 4.

Sec. 34. Minnesota Statutes 1992, section 144.872, subdivision 4, is amended to read:

Subd. 4. [LEAD CLEANUP EQUIPMENT AND MATERIAL GRANTS.] (a) Within the limits of available state or federal appropriations, funds shall be made available under a grant program to nonprofit community-based organizations in areas at high risk for toxic lead exposure. Grantees shall use the money to purchase lead cleanup equipment ~~and educational materials~~, and to pay for training for staff and volunteers for lead abatement certification. Grantees may work with licensed lead abatement contractors and certified trainers in order to meet the requirements of this program receive training necessary for certification under section 144.876, subdivision 1. Lead cleanup equipment shall include: high efficiency particle accumulator and wet vacuum cleaners, drop cloths, secure containers, respirators, scrapers, dust and particle containment material, and other cleanup and containment materials to remove loose paint and plaster, patch loose paint and plaster, control household dust, wax floors, clean carpets and sidewalks, and cover bare soil.

(b) Upon certification, the ~~grantees grantee's staff and volunteers~~ may make equipment and educational materials available to residents and property owners and instruct them on the proper use. Equipment shall be made available to low-income households on a priority basis at no fee, and other households on a sliding fee scale. Equipment shall not be made available to any person, licensed lead abatement contractor, or certified trainer who charges or intends to charge a fee for services performed using equipment or materials purchased by a nonprofit community-based organization through a grant obtained under this subdivision.

Sec. 35. Minnesota Statutes 1992, section 144.872, is amended by adding a subdivision to read:

Subd. 5. [SWAB TEAMS.] Boards of health may determine priority for responding to cases of elevated blood lead levels.

Sec. 36. Minnesota Statutes 1992, section 144.873, is amended to read:

144.873 [REPORTING OF MEDICAL AND ENVIRONMENTAL SAMPLE ANALYSES.]

Subdivision 1. [REPORT REQUIRED.] Medical laboratories performing blood lead analyses must report to the commissioner finger stick and venipuncture blood lead results and the method used to obtain these results. Boards of health must report to the commissioner the results of analyses from residential samples of paint, soil, dust, and drinking water. The commissioner shall require the date of the test, and the current address and birthdate of the patient, and other related information from medical laboratories and boards of health as may be needed to monitor and evaluate blood lead levels in the public. If a clinic or physician sends a blood lead test to a medical laboratory outside of Minnesota, that clinic or physician must meet the reporting requirements under this subdivision.

Subd. 2. [TEST OF CHILDREN IN HIGH RISK AREAS.] Within limits of available state and federal appropriations, the commissioner shall promote and subsidize a blood lead test of all children ~~under six years of age before the sixth birthday~~ who live in all areas of high risk for toxic lead exposure that are currently known or subsequently identified. Within the limits of available appropriations, the commissioner shall conduct surveys, ~~especially soil assessments larger than a residence, as defined by the commissioner,~~ to determine probable sources of lead exposure in greater Minnesota communities where a case of elevated blood lead levels has been reported.

Surveys conducted under this subdivision must consist of evaluating census tracts to determine whether or not they are at high risk for toxic lead exposure. The evaluation shall consist of a priority response determination under section 144.878, subdivision 2a. In making this evaluation, the commissioner shall:

- (1) conduct a soil survey in the manner provided for under Minnesota Rules, part 4761.0400, subpart 8; and
- (2) evaluate housing quality, if data is available.

The commissioner may also conduct a blood lead screening of children under six years of age within the census tract.

Subd. 3. [STATEWIDE LEAD SCREENING.] Statewide lead screening by blood lead assays in conjunction with routine blood tests analyzed by laboratories that meet the center for disease control laboratory proficiency standards, by atomic absorption equipment, or other equipment with equivalent or better accuracy shall be advocated used by boards of health.

Sec. 37. Minnesota Statutes 1992, section 144.874, subdivision 1, is amended to read:

Subdivision 1. [RESIDENCE ASSESSMENT.] (a) A board of health must conduct a timely assessment of a residence and all common areas, if the residence is located in a building with two or more residential units, within five working days of receiving notification that the criteria in this subdivision have been met, as confirmed by lead analysis of a venous blood sample, to determine sources of lead exposure if:

(1) a pregnant woman in the residence is identified as having a blood lead level of at least ten micrograms of lead per deciliter of whole blood;

(2) a child in the residence is identified as having a blood lead level at or above 20 micrograms per deciliter; or

(3) a child in the residence is identified as having a blood lead level that persists in the range of 15 to 19 micrograms per deciliter for 90 days after initial identification.

(b) Within the limits of available state and federal appropriations, a board of health shall also conduct home assessments for children whose confirmed blood lead levels are in the range of ten to 19 micrograms per deciliter. A board of health may assess a residence even if none of the three criteria in this subdivision are met.

(c) If a child regularly spends several hours per day at one or more other sites such as another residence, such as or a residential or commercial child care facility, the board of health must also assess the other residence sites. The board of health shall have one additional day to complete the assessment for each additional site.

(d) The board of health must conduct the residential assessment according to rules adopted by the commissioner according to under section 144.878. A board of health must have residence assessments performed by lead inspectors licensed by the commissioner according to rules adopted under section 144.878. A board of health may observe the performance of lead abatement in progress and may enforce the provisions of sections 144.871 to 144.879 under section 144.8781. The staff complement of the department of health shall be increased by two full-time equivalent positions who shall be lead inspectors.

Sec. 38. Minnesota Statutes 1992, section 144.874, subdivision 2, is amended to read:

Subd. 2. [RESIDENTIAL LEAD ASSESSMENT GUIDE.] (a) The commissioner of health shall develop or purchase a residential lead assessment guide that enables parents and other caregivers to assess the possible lead sources present and that suggests lead abatement actions. The guide must provide information on safe abatement and disposal methods, sources of equipment, and telephone numbers for additional information to enable the persons to either perform the abatement or to intelligently select an abatement contractor. In addition, the guide must:

- (1) meet the requirements of Minnesota laws and rules;
- (2) be understandable at not more than an eighth grade reading level;
- (3) include information on all necessary safety precautions for all lead source cleanup; and
- (4) be the best available educational material.

(b) A board of health must provide the residential lead assessment guide at no cost to:

- (1) parents and other caregivers of children who are identified as having blood lead levels of at least ten micrograms per deciliter; and
- (2) all property owners and occupants who are issued housing code orders requiring disruption abatement of lead sources, and all occupants of those residences.

(c) A board of health must provide the residential lead assessment guide on request to owners or tenants occupants of residential property within the jurisdiction of the board of health.

Sec. 39. Minnesota Statutes 1992, section 144.874, subdivision 3, is amended to read:

Subd. 3. [SWAB TEAMS; LEAD ASSESSMENT; LEAD ABATEMENT ORDERS.] A board of health must order a property owner to perform abatement on a lead source that exceeds a standard adopted according to section 144.878 at the residence of a child with an elevated blood lead level or a pregnant woman with a blood lead level of at least ten micrograms per deciliter. Lead abatement orders must require that any source of damage, such as leaking roofs, plumbing, and windows, must be repaired or replaced, as needed, to prevent damage to lead-containing interior surfaces. The board of health is not required to pay for lead abatement. With each lead abatement order, the board of health must coordinate with swab team abatement and provide a residential lead abatement guide.

Sec. 40. Minnesota Statutes 1992, section 144.874, is amended by adding a subdivision to read:

Subd. 3a. [SWAB TEAM SERVICES.] After issuing abatement orders for a residence of a child or pregnant women with elevated blood lead levels, the commissioner or a board of health must send a swab team within five working days to the residence to perform swab team services as defined in section 144.871, subdivision 9. If the commissioner or board of health provides swab team services after an assessment, but before the issuance of an abatement order, swab team services do not need to be repeated after the issuance of an abatement order. Swab team services are not considered completed until the reassessment required under subdivision 6 shows no violation of one or more of the standards under section 144.878, subdivision 2. If assessments and abatement orders are conducted at times when weather or soil conditions do not permit the assessment or abatement of lead in soil, the residences shall have their soil assessed and abated, if necessary, at the first opportunity that weather and soil conditions allow.

Sec. 41. Minnesota Statutes 1992, section 144.874, subdivision 4, is amended to read:

Subd. 4. [RELOCATION OF RESIDENTS.] (a) A board of health must ensure that residents are relocated from rooms or dwellings during abatement that generates leaded dust, such as removal or disruption of lead-based paint or plaster that contains lead. Residents must be allowed to return to the residence or dwelling after completion of abatement. A board of health shall use grant funds under section 144.872, subdivision 3, in cooperation with local housing agencies, to pay for moving costs and rent for a temporary residence for any low-income resident temporarily relocated during lead abatement, not to exceed \$250 per household. For purposes of this section, "low-income resident" means any resident whose gross household income is at or below 185 percent of the federal poverty level.

(b) Any resident of rental property who is notified by the board of health to vacate the premises during lead abatement notwithstanding any rental agreement or lease provisions:

(1) shall not be required to pay rent due the landlord for the period of time the tenant must vacate the premises; and

(2) may elect to immediately terminate the tenancy effective on the date the tenant vacates the premises for lead abatement, and shall not be liable for any further rent or other charges due under the terms of the tenancy.

(c) A landlord of rental property in which tenants must vacate the premises during lead abatement must:

(1) allow a tenant to return to the dwelling after lead abatement and retesting, as required under subdivision 6, is completed unless the tenant has elected to terminate the tenancy under paragraph (b); and

(2) return any security deposit due under section 504.20 to any tenant who terminates tenancy under paragraph (b) within five days of the date the tenant vacates the unit.

Sec. 42. Minnesota Statutes 1992, section 144.874, subdivision 5, is amended to read:

Subd. 5. [WARNING NOTICE; FINE.] 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 A person who unlawfully removes a warning notice posted under this section may be subject to a fine up to \$250. The warning notice must be at least 8-1/2 by 11 inches in size and must include the following language, or 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 board of health.~~"

(c) "Persons who remove or deface this warning are subject to a \$250 fine. This warning may be removed only upon the direction of the board of health."

Sec. 43. Minnesota Statutes 1992, section 144.874, subdivision 6, is amended to read:

Subd. 6. [SERVICES AND RETESTING REQUIRED.] After completion of swab team services and the abatement as ordered, including any repairs ordered by a local housing or building inspector, the board of health must retest the residence to assure the violations no longer exist. The board of health is not required to test a residence after lead abatement that was not ordered by the board of health.

Sec. 44. Minnesota Statutes 1992, section 144.874, subdivision 9, is amended to read:

Subd. 9. [PRIMARY PREVENTION.] Although children who are found to already have elevated blood lead levels must have the highest priority for intervention, the commissioner shall pursue primary prevention of lead poisoning for toxic lead exposure within the limits of appropriations.

Sec. 45. Minnesota Statutes 1992, section 144.874, is amended by adding a subdivision to read:

Subd. 11a. [LEAD ABATEMENT DIRECTIVES.] In order to achieve statewide consistency in the application of lead abatement standards, the commissioner shall issue program directives that interpret the application of rules under section 144.878 in ambiguous or unusual lead abatement situations. These directives are guidelines to local boards of health. The commissioner shall periodically review the evaluation of lead abatement orders and the program directives to determine if the rules under section 144.878 need to be amended to reflect new understanding of lead abatement practices and methods.

Sec. 46. Minnesota Statutes 1992, section 144.876, is amended by adding a subdivision to read:

Subd. 4. [NOTICE OF ABATEMENT.] At least five days before starting work at each lead abatement worksite, a lead abatement contractor shall give written notice to the commissioner and the board of health.

Sec. 47. [144.877] [LEAD INSPECTORS; LICENSING.]

Subdivision 1. [LICENSE REQUIRED.] A lead inspector must obtain a license within 180 days of the effective date of this section and must renew it annually. The license must be readily available at assessment sites for inspection by the commissioner or by staff of a board of health with jurisdiction over a work site. A license cannot be transferred.

Subd. 2. [LICENSE APPLICATION.] An application for license or license renewal must be on a form provided by the commissioner and must include:

(1) a \$50 nonrefundable fee, in the form of a check;

(2) evidence that the applicant has successfully completed a lead inspector training course approved in subdivision 6, or has, within the previous 180 days, successfully completed an initial lead inspection training course.

The fee required in this subdivision is waived for an employee of a board of health.

Subd. 3. [LICENSE RENEWAL.] A license is valid for one year from the issuance date unless the commissioner revokes it. An applicant must successfully complete either an initial lead inspection training course or an annual refresher lead inspection training course to apply for license renewal.

Subd. 4. [LICENSE REPLACEMENT.] A licensed lead inspector may obtain a replacement license by reapplying for a license. A replacement expires on the same date as the original license. A nonrefundable \$25 fee is required with each replacement application.

Subd. 5. [DENIAL OF LICENSE APPLICATION.] The commissioner may deny an application, revoke, or impose limitations or conditions on a license, if the applicant or licensed lead inspector:

(1) violates rules adopted under sections 144.871 to 144.879;

(2) submits an application that is incomplete, inaccurate, or lacks the required fee, or submits an invalid check;

(3) obtains a license, certificate, or approval through error, fraud, or cheating;

(4) provides false or fraudulent information on forms;

(5) aids or allows an unlicensed or uncertified person to engage in activities for which a license or certificate is required;

(6) endangers public health or safety;

(7) has been convicted during the previous five years of a felony or gross misdemeanor related to residential lead assessment or residential lead abatement; or

(8) has been convicted during the previous five years of a violation of section 270.72, 325F.69, or 325F.71.

An application for licensure that has been denied may be resubmitted when the reasons for denial have been corrected. A person whose license is revoked may not apply for a license within one year of the date of revocation. After one year, the application requirements must be followed by an applicant for a license, certificate, or course approval. An applicant who submits an approvable application within 60 days of initial denial is not required to pay a second fee.

Subd. 6. [APPROVAL OF LEAD INSPECTION COURSE.] A lead inspection course sponsored by the United States Environmental Protection Agency is an approved course for the purpose of this section.

Subd. 7. [LEAD INSPECTION; RULES.] The commissioner may adopt rules to implement this section. The commissioner may also approve lead inspector courses offered by groups other than those approved by the United States Environmental Protection Agency and shall charge a fee to cover the costs of approving courses.

Sec. 48. Minnesota Statutes 1992, section 144.878, subdivision 2, is amended to read:

Subd. 2. [LEAD STANDARDS AND ABATEMENT METHODS.] (a) The commissioner shall adopt rules establishing standards and abatement methods for lead in paint, dust, and drinking water in a manner that protects public health and the environment for all residences, including residences also used for a commercial purpose. ~~The commissioner shall adopt priorities for providing abatement services to areas defined to be at high risk for toxic lead exposure. In adopting priorities, the commission shall consider the number of children and pregnant women diagnosed with elevated blood lead levels and the median concentration of lead in the soil. The commissioner shall give priority to areas having the largest population of children and pregnant women having elevated blood lead levels, areas with the highest median soil lead concentration, and areas where it has been determined that there are large numbers of residences that have deteriorating paint.~~ The commissioner shall differentiate between intact paint and deteriorating paint. The commissioner and political subdivisions shall require abatement of intact paint only if the commissioner or political subdivision finds that the intact paint is on a chewable or lead-dust producing surface that is a known source or reasonably expected to be a source of actual lead exposure to a specific person. In adopting rules under this subdivision, the commissioner shall require the best available technology for lead abatement methods, paint stabilization, and repainting.

(b) The commissioner of health shall adopt standards and abatement methods for lead in bare soil on playgrounds and residential property in a manner to protect public health and the environment. The commissioner shall adopt a maximum standard of 100 parts of lead per million in bare soil, unless it is proven that a different standard provides greater protection of public health.

(c) The commissioner of the pollution control agency shall adopt rules to ensure that removal of exterior lead-based coatings from residential property by abrasive blasting methods ~~and disposal of any hazardous waste are~~ is conducted in a manner that protects public health and the environment.

(d) All standards adopted under this subdivision must provide adequate reasonable margins of safety that are consistent with a detailed review of scientific evidence and an emphasis on overprotection rather than underprotection when the scientific evidence is ambiguous. The rules must apply to any individual performing or ordering the performance of lead abatement.

(e) No unit of local government may have an ordinance or regulation governing lead abatement methods for lead in paint, dust, or soil for residences and residential land that require a different lead abatement method than the lead abatement standards established under sections 144.871 to 144.879.

Sec. 49. Minnesota Statutes 1992, section 144.878, subdivision 2a, is amended to read:

Subd. 2a. [PRIORITIES FOR RESPONSE ACTION.] ~~By January 1, 1988,~~ The commissioner of health must adopt new rules establishing the a priority list of census tracts at high risk for toxic lead exposure for primary prevention response actions. The rules must consider the potential for children's contact with the soil and the existing level of lead in the soil and may consider the relative risk to the public health, the size of the population at risk, and blood lead levels of resident populations. In establishing the list, the commissioner shall award points under this subdivision to each census tract on which information is available. The priority for primary prevention response actions in census tracts at high risk for toxic lead exposure shall be based on the cumulative points awarded to each census tract. A greater number of points means a higher priority. If a tie occurs in the number of points, priority shall be given to the census tract with the higher percentage of population with blood lead levels greater than ten micrograms of lead per deciliter. All local governmental units and boards of health shall follow the priorities under this subdivision. The commissioner shall revise and update the priority list at least every five years. Points shall be awarded to each census tract for each criteria, considered independently, defined in section 144.871, subdivision 7a. Points shall be awarded as follows:

(a) In a census tract where at least 20 children have been screened in the last five years, one point shall be awarded for each five percent of children who were under six years old at the time they were screened for lead in blood and whose blood lead level exceeds ten micrograms of lead per deciliter. An additional point shall be awarded if one percent of the children had blood levels greater than 20 micrograms per deciliter of blood. Two points shall be awarded to a census tract, where the blood lead screening has been inadequate, that is contiguous with a census tract where more than ten percent of the children under six years of age have blood lead levels exceeding ten micrograms per deciliter.

(b) One point shall be awarded for every five percent of housing that is defined as dilapidated or deteriorated by the planning department or similar agency of the city in which the housing is located. Where data is available by neighborhood or section within a city, the percent of dilapidated or deteriorated housing shall apply equally to each census tract within the neighborhood or section.

(c) One point shall be awarded for every 100 parts per million of lead soil, based on the median soil lead values of foundation soil samples, calculated on 100 parts per million intervals, or fraction thereof. For the cities of St. Paul and Minneapolis, the commissioner shall use the June 1988 census tract version of the houseside map entitled "Distribution of Household Lead Content of Soil Dust in the Twin Cities," prepared by the center for urban and regional affairs. Where the map displays a census tract that is crossed by two or more intervals, the commissioner shall make a reasoned determination of the median foundation soil lead value for that tract. Values for census tracts may be updated by surveying the tract according to the procedures under Minnesota Rules, part 4761.0400, subpart 8.

Sec. 50. Minnesota Statutes 1992, section 144.878, subdivision 5, is amended to read:

Subd. 5. [LEAD ABATEMENT CONTRACTORS AND EMPLOYEES.] The commissioner shall adopt rules to license lead abatement contractors, to certify employees of lead abatement contractors who perform abatement, and to certify lead abatement trainers who provide lead abatement training for contractors, employees, or other lead abatement trainers. The rules must include standards and procedures for on-the-job training for swab teams. A person who performs painting, renovation, rehabilitation, remodeling, or other residential work that is not lead abatement need not be a licensed lead abatement contractor. By July 1, 1994, a person who performs work that removes intact paint on residences built before February 27, 1978, must determine whether lead sources are present and whether the planned work would be lead abatement as defined in section 144.871, subdivision 2. This determination may be made by quantitative chemical analysis, X-ray fluorescence analyzer, or chemical spot test using sodium rhodizonate. If lead sources are identified, the work must be performed by a licensed lead abatement contractor. An owner of an owner-occupied residence with one or two units is not subject to the requirements under this subdivision. All lead abatement training must include a hands-on component and instruction on the health effects of lead exposure, the use of personal protective equipment, workplace hazards and safety problems, abatement methods and work practices, decontamination procedures, cleanup and waste disposal procedures, lead monitoring and testing methods, and legal rights and responsibilities. The commissioner shall adopt rules to approve lead abatement training courses and to charge a fee for approval. At least 30 days before publishing initial notice of proposed rules under this subdivision on the licensing of lead abatement contractors, the commissioner shall submit the rules to the chairs of the health and human services committees in the house of representatives and the senate, and to any legislative committee on licensing created by the legislature.

Sec. 51. [144.8781] [ENFORCEMENT.]

Subdivision 1. [CEASE AND DESIST ORDER.] (a) The commissioner may issue an order requiring a person to cease lead abatement if the commissioner determines that a condition exists that poses an immediate danger to the public health. For purposes of this subdivision, an immediate danger to the public health exists if the commissioner determines that:

- (1) lead abatement is being performed in a manner that violates applicable state or federal law or related rules;
- (2) the person performing lead abatement is not currently licensed or certified as required by rules adopted under sections 144.871 to 144.879; or
- (3) the lead abatement contractor has not given prior written notice required by section 144.876 to the commissioner and board of health.

(b) An order to cease lead abatement is effective for a maximum of 60 days. Following issuance of the order, the commissioner shall provide the contractor or individual with an opportunity for a hearing under the contested case provisions of chapter 14. Within ten days of the hearing, the commissioner shall decide whether to rescind, modify, or reissue the previous order. A modified or reissued order is effective for a maximum of 60 days from the date of modification or reissuance.

Subd. 2. [ORDER FOR CORRECTIVE ACTION.] (a) The commissioner may issue an order requiring a person violating sections 144.871 to 144.879 or a rule adopted under sections 144.871 to 144.879 to take the corrective action the commissioner determines will accomplish the purpose of the project and prevent future violation. The order for corrective action shall state the conditions that constitute the violation, the specific statute or rule violated, and the time by which the violation must be corrected.

(b) If the person believes that the information contained in the commissioner's order for corrective action is in error, the person may ask the commissioner to reconsider the parts of the order that are alleged to be in error. The request must be in writing, delivered to the commissioner by certified mail within five working days of receipt of the order, and:

- (1) specify which parts of the order for corrective action are alleged to be in error;
- (2) explain why they are in error; and
- (3) provide documentation to support the allegation of error.

The commissioner shall respond to a request made under this subdivision within 15 working days after receipt of the request. A request for reconsideration does not stay the order for corrective action but the commissioner may provide additional time to comply with the order after reviewing the request. The commissioner's disposition of a request for reconsideration is final.

Subd. 3. [INJUNCTIVE RELIEF.] In addition to any other remedy provided by law, the commissioner may bring an action for injunctive relief in the district court in Ramsey county or, at the commissioner's discretion, in the district court in the county in which the lead abatement is being undertaken, to halt the work or an activity connected with it. A temporary restraining order or other injunctive relief may be granted by the court if continuation of the lead abatement or an activity connected with it would result in an imminent risk of harm to any person.

Subd. 4. [PENALTIES.] (a) A person who violates any of the requirements of sections 144.871 to 144.879 or any requirement, rule, or order issued under this section is subject to a civil penalty of not more than \$5,000 per day of violation. Penalties may be recovered in a civil action in the name of the state brought by the attorney general.

(b) The commissioner may issue an order assessing a penalty of not more than \$5,000 per violation to any person who violates any of the requirements of sections 144.871 to 144.879 or any requirement, rule, or order issued under this section. A person subject to an administrative penalty order may request a contested case hearing under chapter 14 within 20 days from date of receipt of the penalty order. If the penalty order is not contested within 20 days of receipt, it becomes final and may not be contested.

(c) The amount of penalty shall be based on the past history of violations, the severity of violation, the culpability of the person, and other relevant factors.

(d) Penalties assessed under sections 144.871 to 144.879 shall be paid to the commissioner for deposit in the general fund. Unpaid penalties shall be increased to 125 percent of the original assessed amount if not paid within 60 days after the penalty order becomes final. After 60 days, interest shall accrue on the unpaid penalty balance at the rate established in section 549.09.

Subd. 5. [MISDEMEANOR PENALTY.] A person is guilty of a misdemeanor and may be sentenced to payment of a fine of not more than \$700, imprisonment for not more than 30 days, or both, for each violation if that person:

- (1) hinders or delays the commissioner or the commissioner's authorized representative in the performance of the duty to enforce sections 144.871 to 144.879;
- (2) undertakes lead abatement without a current, valid license;
- (3) refuses to make a license or certificate accessible to either the commissioner or the commissioner's authorized representative;
- (4) employs a person to do lead abatement who does not have a valid certificate;
- (5) fails to report lead abatement as required by section 144.876; or
- (6) makes a false material statement related to a license, certificate, report, or other documents required under sections 144.871 to 144.879.

Subd. 6. [DISCRIMINATION.] A person who discriminates against or otherwise sanctions an employee who complains to or cooperates with the commissioner in administering sections 144.871 to 144.879 is guilty of a misdemeanor.

Sec. 52. Minnesota Statutes 1992, section 144.98, subdivision 5, is amended to read:

Subd. 5. ~~[LABORATORY CERTIFICATION ACCOUNT STATE GOVERNMENT SPECIAL REVENUE FUND.] There is an account in the special revenue fund called the laboratory certification account. Fees collected under this section and appropriations for the purposes of this section must be deposited in the laboratory certification account. Money in the laboratory certification account is annually appropriated to the commissioner of health to administer this section state government special revenue fund.~~

Sec. 53. Minnesota Statutes 1992, section 144A.04, subdivision 7, is amended to read:

Subd. 7. [MINIMUM NURSING STAFF REQUIREMENT.] Notwithstanding the provisions of Minnesota Rules, part 4655.5600, the minimum staffing standard for nursing personnel in certified nursing homes is as follows:

(a) The minimum number of hours of nursing personnel to be provided in a nursing home is the greater of two hours per resident per 24 hours or 0.95 hours per standardized resident day.

(b) For purposes of this subdivision, "hours of nursing personnel" means the paid, on-duty, productive nursing hours of all nurses and nursing assistants, calculated on the basis of any given 24-hour period. "Productive nursing hours" means all on-duty hours during which nurses and nursing assistants are engaged in nursing duties. Examples of nursing duties may be found in Minnesota Rules, parts 4655.5900, 4655.6100, and 4655.6400. Not included are vacations, holidays, sick leave, in-service classroom training, or lunches. Also not included are the nonproductive nursing hours of the in-service training director. In homes with more than 60 licensed beds, the hours of the director of nursing are excluded. "Standardized resident day" means the sum of the number of residents in each case mix class multiplied by the case mix weight for that resident class, as found in Minnesota Rules, part 9549.0059, subpart 2, calculated on the basis of a facility's census for any given day. For the purpose of determining a facility's census, the commissioner of health shall exclude the resident days claimed by the facility for resident therapeutic leave or bed hold days.

(c) Calculation of nursing hours per standardized resident day is performed by dividing total hours of nursing personnel for a given period by the total of standardized resident days for that same period.

(d) A nursing home that is issued a notice of noncompliance under section 144A.10, subdivision 5, for a violation of this subdivision, shall be assessed a civil fine of \$300 for each day of noncompliance, subject to section 144A.10, subdivisions 7 and 8.

Sec. 54. [144C.01] [AMBULANCE SERVICE PERSONNEL LONGEVITY AWARD AND INCENTIVE PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] An ambulance service personnel longevity award and incentive program is established. The program is intended to recognize the service rendered to state and local government and the citizens of Minnesota by qualified ambulance service personnel, and to reward qualified ambulance service personnel for significant contributions to state and local government and to the public. The purpose of the ambulance service personnel longevity award and incentive trust is to accumulate resources to allow for the payment of longevity awards to qualified ambulance service personnel upon the completion of a substantial ambulance service career.

Subd. 2. [ADMINISTRATION.] (a) Unless paragraph (c) applies, consistent with the responsibilities of the state board of investment and the various ambulance services, the ambulance service personnel longevity award and incentive program must be administered by the commissioner of health. The administrative responsibilities of the commissioner of health for the program relate solely to the record keeping, award application, and award payment functions. The state board of investment is responsible for the investment of the ambulance service personnel longevity award and incentive trust. The applicable ambulance service is responsible for determining, consistent with this chapter, who is a qualified ambulance service person, what constitutes a year of credited ambulance service, what constitutes sufficient documentation of a year of prior service, and for submission of all necessary data to the commissioner of health in a manner consistent with this chapter. Determinations of an ambulance service are final.

(b) The commissioner of health may administer the commissioner's assigned responsibilities regarding the program directly or may retain a qualified governmental or nongovernmental plan administrator under contract to administer those responsibilities regarding the program. A contract with a qualified plan administrator must be the result of an open competitive bidding process and must be reopened for competitive bidding at least once during every five-year period after the effective date of this section.

(c) The commissioner of employee relations shall review the options within state government for the most appropriate administration of pension plans or similar arrangements for emergency service personnel and recommend to the governor the most appropriate future pension plan or nonpension plan administrative arrangement for this chapter. If the governor concurs in the recommendation, the governor shall transfer the future administrative responsibilities relating to this chapter to that administrative agency.

Sec. 55. [144C.02] [PROGRAM ELIGIBILITY; QUALIFIED AMBULANCE SERVICE PERSONNEL.]

(a) Persons eligible to participate in the ambulance service personnel longevity award and incentive program are qualified ambulance service personnel.

(b) Qualified ambulance service personnel are ambulance attendants, ambulance drivers, and ambulance service medical directors or medical advisors who meet the following requirements:

(1) employment of the person by or provision by the person of service to an ambulance service that is licensed as such by the state of Minnesota and that provides ambulance services that are generally available to the public and are free of unfair discriminatory practices under chapter 363;

(2) performance by the person during the 12 months ending as of the immediately previous June 30 of all or a predominant portion of the person's services in the state of Minnesota or on behalf of Minnesota residents, as verified by August 1 annually in an affidavit from the chief administrative officer of the ambulance service;

(3) current certification of the person during the 12 months ending as of the immediately previous June 30 by the Minnesota department of health as an ambulance attendant, ambulance driver, or ambulance service medical director or medical advisor under section 144.804, and supporting rules, and current active ambulance service employment or service provision status of the person, as verified by August 1 annually in an affidavit from the chief administrative officer of the ambulance service; and

(4) conformance by the person with the definition of the phrase "volunteer ambulance attendant" under section 144.8091, subdivision 2, except that for the salary limit specified in that provision there must be substituted, for purposes of this section only, a limit of \$3,000 for calendar year 1993, and \$3,000 multiplied by the cumulative percentage increase in the national Consumer Price Index, all items, for urban wage earners and clerical workers, as published by the federal Department of Labor, Bureau of Labor Statistics, since December 31, 1993, and for an ambulance service medical director, conformance based solely on the person's hourly stipends or salary for service as a medical director.

(c) The term "active ambulance service employment or service provision status" means being in good standing with and on the active roster of the ambulance service making the certification.

(d) The maximum period of ambulance service employment or service provision for which a person may receive credit towards an award under this chapter, including prior service credit under section 144C.07, subdivision 2, paragraph (c), is 20 years.

(e) For a person who is employed by or provides service to more than one ambulance service concurrently during any period during the 12-month period, credit towards an award under this chapter is limited to one ambulance service during any period. The creditable period is with the ambulance service for which the person undertakes the greatest portion of employment or service hours.

Sec. 56. [144C.03] [AMBULANCE SERVICE PERSONNEL LONGEVITY AWARD AND INCENTIVE TRUST; TRUST ACCOUNT.]

Subdivision 1. [TRUST.] There is established an ambulance service personnel longevity award and incentive trust.

Subd. 2. [TRUST ACCOUNT.] There is established in the general fund an ambulance service personnel longevity award and incentive trust account. The trust account must be credited with appropriations for that purpose, and investment earnings on those accumulated proceeds. The assets and income of the trust account must be held and managed by the commissioner of finance and the state board of investment for the benefit of the state of Minnesota and its general creditors.

Subd. 3. [PRIORITY OF CLAIMS.] The state of Minnesota intends that this program, trust, and trust account not constitute a separate fund for any legal purpose, including the federal Internal Revenue Code, as amended, and the federal Employee Retirement Income Security Act of 1974, as amended. Qualified ambulance service personnel have only an unsecured promise of the state of Minnesota to pay a longevity award upon meeting entitlement requirements set forth in section 144C.08, and qualified ambulance service personnel meeting those entitlement requirements have the status of general unsecured creditors with respect to an ambulance service personnel longevity award, if and when awarded.

Sec. 57. [144C.05] [DISTRIBUTIONS FROM ACCOUNT.]

Subdivision 1. [AWARD PAYMENTS.] (a) The commissioner of health or the commissioner's designee under section 144C.01, subdivision 2, shall pay ambulance service personnel longevity awards to qualified ambulance service personnel determined to be entitled to an award under section 144C.08 by the commissioner based on the submissions by the various ambulance services. Amounts necessary to pay the ambulance service personnel longevity award are appropriated from the ambulance service personnel longevity award and incentive trust account to the commissioner of health.

(b) If the state of Minnesota is unable to meet its financial obligations as they become due, the commissioner of health shall undertake all necessary steps to discontinue paying ambulance service personnel longevity awards until the state of Minnesota is again able to meet its financial obligations as they become due.

Subd. 2. [GENERAL CREDITORS OF THE STATE.] The trust account is at all times subject to a levy under an execution of any general creditor of the state of Minnesota, and if no other funds are available to satisfy that levy, the levy has priority for payment from the trust account before any ambulance service personnel longevity award.

Sec. 58. [144C.06] [TRUST ACCOUNT INVESTMENT.]

The trust account must be invested by the state board of investment, as provided in section 11A.20.

Sec. 59. [144C.07] [CREDITING QUALIFIED AMBULANCE PERSONNEL SERVICE.]

Subdivision 1. [SEPARATE RECORD KEEPING.] The commissioner of health or the commissioner's designee under section 144C.01, subdivision 2, shall maintain a separate record of potential award accumulations for each qualified ambulance service person under subdivision 2.

Subd. 2. [POTENTIAL ALLOCATIONS.] (a) On September 1, annually, the commissioner of health or the commissioner's designee under section 144C.01, subdivision 2, shall determine the amount of the allocation of the prior year's accumulation to each qualified ambulance service person. The prior year's net investment gain or loss under paragraph (b) must be allocated and that year's appropriation, after deduction of administrative expenses, also must be allocated.

(b) The difference in the market value of the assets of the ambulance service personnel longevity award and incentive trust account as of the immediately previous June 30 and the June 30 occurring 12 months earlier must be reported on or before August 15 by the state board of investment. The market value gain or loss must be expressed as a percentage of the total potential award accumulations as of the immediately previous June 30, and that positive or negative percentage must be applied to increase or decrease the recorded potential award accumulation of each qualified ambulance service person.

(c) The appropriation for this purpose, after deduction of administrative expenses, must be divided by the total number of additional ambulance service personnel years of service recognized since the last allocation or 1,000 years of service, whichever is greater. A qualified ambulance service person must be credited with a year of service if the person is certified by the chief administrative officer of the ambulance service as having rendered active ambulance service during the 12 months ending as of the immediately previous June 30. If the person has rendered prior active ambulance service, the person must be additionally credited with one-fifth of a year of service for each year of active ambulance service rendered before June 30, 1993, but not to exceed in any year one additional year of service or to exceed in total five years of prior service. Prior active ambulance service means employment by or the provision of service to a licensed ambulance service before June 30, 1993, as determined by the person's current ambulance service based on records provided by the person that were contemporaneous to the service. The prior ambulance service must be reported on or before August 15 to the commissioner of health in an affidavit from the chief administrative officer of the ambulance service.

Sec. 60. [144C.08] [AMBULANCE SERVICE PERSONNEL LONGEVITY AWARD.]

(a) A qualified ambulance service person who has terminated active ambulance service, who has at least five years of credited ambulance service, who is at least 50 years old, and who is among the 400 persons with the greatest amount of credited ambulance service applying for a longevity award during that year, is entitled, upon application, to an ambulance service personnel longevity award. An applicant whose application is not approved because of the limit on the number of annual awards may apply in a subsequent year.

(b) If a qualified ambulance service person who meets the age and service requirements specified in paragraph (a) dies before applying for a longevity award, the estate of the decedent is entitled, upon application, to the decedent's ambulance service personnel longevity award, without reference to the limit on the number of annual awards.

(c) An ambulance service personnel longevity award is the total amount of the person's accumulations indicated in the person's separate record under section 144C.07 as of the August 15 preceding the application. The amount is payable only in a lump sum.

(d) Applications for an ambulance service personnel longevity award must be received by the commissioner of health or the commissioner's designee under section 144C.01, subdivision 2, by August 15, annually. Ambulance service personnel longevity awards are payable only as of the last business day in October annually.

Sec. 61. [144C.09] [EFFECT OF CHANGES.]

Subdivision 1. [MODIFICATIONS.] The ambulance service personnel longevity award and incentive program is a gratuity established by the state of Minnesota and may be modified by subsequent legislative enactment at any time without creating any cause of action for any ambulance service personnel related to the program as a result. No provision of this act and no subsequent amendment may be interpreted as causing or resulting in the program to be funded for federal Internal Revenue Code or federal Employee Retirement Income Security Act of 1974 purposes, or as causing or resulting in any contributions to or investment income earned by the ambulance service personnel longevity award and incentive trust account to be subject to federal income tax to ambulance service personnel or their beneficiaries before actual receipt of a longevity award under section 144C.08.

Subd. 2. [NONASSIGNABILITY.] No entitlement or claim of a qualified ambulance service person or the person's beneficiary to an ambulance service personnel longevity award is assignable, or subject to garnishment, attachment, execution, levy, or legal process of any kind, except as provided in section 518.58, 518.581, or 518.611. The commissioner of health may not recognize any attempted transfer, assignment, or pledge of an ambulance service personnel longevity award.

Subd. 3. [PUBLIC EMPLOYEE STATUS.] Recognizing the important public function performed by ambulance service personnel, only for purposes of this act and the receipt of a state sponsored gratuity in the form of an ambulance service personnel longevity award, all qualified ambulance service personnel are considered to be public employees.

Sec. 62. [144C.10] [SCOPE OF ADMINISTRATIVE DUTIES.]

For purposes of administering the award and incentive program, the commissioner of health cannot hear appeals, direct ambulance services to take any specific actions, investigate or take action on individual complaints, or otherwise act on information beyond that submitted by the licensed ambulance services.

Sec. 63. Minnesota Statutes 1992, section 149.04, is amended to read:

149.04 [RENEWAL OF LICENSE.]

Any license may be renewed from time to time and shall be in force after such renewal for a period specified by the state commissioner of health upon the payment of a renewal fee in an amount prescribed by the commissioner pursuant to section 144.122.

All fees received under this chapter shall be paid by the state commissioner of health to the credit of the general state government special revenue fund in the state treasury. The salaries of the necessary employees of the commissioner, the per diem of the inspectors and examiners, their expenses, and all incidental expenses of the commissioner in carrying out the provisions of this chapter shall be paid from the appropriations made to the state commissioner of health, but no expense or claim shall be incurred or paid in excess of the amount received from the fees herein provided.

Sec. 64. Minnesota Statutes 1992, section 157.045, is amended to read:

157.045 [INCREASE IN FEES.]

For licenses issued for 1989 and succeeding years, the commissioner of health shall increase license fees for facilities licensed under this chapter and chapter 327 to a level sufficient to recover all expenses related to the licensing, inspection, and enforcement activities prescribed in those chapters. In calculating the fee increase, the commissioner shall include the salaries and expenses of 5.5 new positions required to meet the inspection frequency prescribed in section 157.04. Fees collected must be deposited in the special revenue account state government special revenue fund.

Sec. 65. Minnesota Statutes 1992, section 198.34, is amended to read:

198.34 [DEPOSIT OF RECEIPTS.]

Federal money received by the board for the care of veterans in a veterans home, ~~after being credited to a federal receipt account, must be transferred to the general revenue fund in the state treasury~~ must be deposited into a dedicated account in the state treasury and is appropriated to the veterans homes board of directors for the operational needs of the veterans homes and the board of directors. Money paid to the board by a veteran or by another person on behalf of a veteran for care in a veterans home must be deposited in the state treasury ~~and credited to the general fund in a dedicated account and is appropriated to the veterans homes board of directors for the operational needs of the veterans homes and the board of directors.~~

Sec. 66. [198.345] [VETERANS HOME; FERGUS FALLS.]

Subdivision 1. [ESTABLISHMENT.] The board shall establish a veterans home in Fergus Falls to provide at least 60 beds for skilled nursing care in conformance with licensing rules of the department of health.

Subd. 2. [FUNDING.] The home must be purchased or built with funds, 65 percent of which must be provided by the federal government, and 35 percent by other nonstate sources, including local units of government, veterans' organizations, and corporations or other business entities.

Subd. 3. [SUPPORT SERVICES.] Upon request, the department of human services shall arrange for the extension of support services to the veterans home in Fergus Falls including, but not limited to, the provision of utilities, and kitchen and laundry services.

Sec. 67. Minnesota Statutes 1992, section 214.04, subdivision 1, is amended to read:

Subdivision 1. [SERVICES PROVIDED.] The commissioner of administration with respect to the board of electricity, the commissioner of education with respect to the board of teaching, the commissioner of public safety with respect to the board of private detective and protective agent services, and the board of peace officer standards and training, and the commissioner of revenue with respect to the board of assessors, shall provide suitable offices and other space, joint conference and hearing facilities, examination rooms, and the following administrative support services: purchasing service, accounting service, advisory personnel services, consulting services relating to evaluation procedures and techniques, data processing, duplicating, mailing services, automated printing of license renewals, and such other similar services of a housekeeping nature as are generally available to other agencies of state government. Investigative services shall be provided the boards by employees of the office of attorney general. The commissioner of health with respect to the health-related licensing boards ~~and shall provide mailing and office supply services and may provide other facilities and services listed in this subdivision at a central location upon request of the health-related licensing boards.~~ The chair of the department commissioner of commerce with respect to the remaining non-health-related licensing boards shall provide the above facilities and services at a central location for the health-related and remaining non-health-related licensing boards. The legal and investigative services for the boards shall be provided by employees of the attorney general assigned to the departments servicing the boards. Notwithstanding the foregoing, the attorney general shall not be precluded by this section from assigning other attorneys to service a board if necessary in order to insure competent and consistent legal representation. Persons providing legal and investigative services shall to the extent practicable provide the services on a regular basis to the same board or boards.

Sec. 68. Minnesota Statutes 1992, section 214.06, subdivision 1, is amended to read:

Subdivision 1. [FEE ADJUSTMENT.] 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 the commissioner of health or health-related licensing boards must be credited to the health occupations licensing account in the state government special revenue fund.

Sec. 69. Minnesota Statutes 1992, section 214.06, is amended by adding a subdivision to read:

Subd. 3. [HEALTH-RELATED LICENSING BOARDS.] Notwithstanding section 14.22, subdivision 1, clause (3), a public hearing is not required to be held when the health-related licensing boards need to raise fees to cover anticipated expenditures in a biennium. The notice of intention to adopt the rules, as required under section 14.22, must state that no hearing will be held.

Sec. 70. [214.103] [HEALTH-RELATED LICENSING BOARDS; COMPLAINTS; INVESTIGATION AND HEARING.]

Subdivision 1. [APPLICATION.] For purposes of this section, "board" means "health-related licensing board" and does not include non-health-related licensing boards. Nothing in this section supersedes section 214.10, subdivisions 2a, 3, 8, and 9, as they apply to the health-related licensing boards.

Subd. 2. [RECEIPT OF COMPLAINT.] The boards shall receive and resolve complaints or other communications, whether oral or written, against regulated persons. Before resolving an oral complaint, the executive director or a board member designated by the board to review complaints may require the complainant to state the complaint in writing. The executive director or the designated board member shall determine whether the complaint alleges or implies a violation of a statute or rule which the board is empowered to enforce. The executive director or the designated board member may consult with the designee of the attorney general as to a board's jurisdiction over a complaint. If the executive director or the designated board member determines that it is necessary, the executive director may seek additional information to determine whether the complaint is jurisdictional or to clarify the nature of the allegations by obtaining records or other written material, obtaining a handwriting sample from the regulated person, clarifying the alleged facts with the complainant, and requesting a written response from the subject of the complaint.

Subd. 3. [REFERRAL TO OTHER AGENCIES.] The executive director shall forward to another governmental agency any complaints received by the board which do not relate to the board's jurisdiction but which relate to matters within the jurisdiction of another governmental agency. The agency shall advise the executive director of the disposition of the complaint. A complaint or other information received by another governmental agency relating to a statute or rule which a board is empowered to enforce must be forwarded to the executive director of the board to be processed in accordance with this section.

Subd. 4. [ROLE OF THE ATTORNEY GENERAL.] The executive director or the designated board member shall forward a complaint and any additional information to the designee of the attorney general when the executive director or the designated board member determines that a complaint is jurisdictional and (1) requires investigation before the executive director or the designated board member may resolve the complaint; (2) that attempts at resolution for disciplinary action or the initiation of a contested case hearing is appropriate; (3) that an agreement for corrective action is warranted; or (4) that the complaint should be dismissed, consistent with subdivision 8.

Subd. 5. [INVESTIGATION BY ATTORNEY GENERAL.] If the executive director or the designated board member determines that investigation is necessary before resolving the complaint, the executive director shall forward the complaint and any additional information to the designee of the attorney general. The designee of the attorney general shall evaluate the communications forwarded and investigate as appropriate. The designee of the attorney general may also investigate any other complaint forwarded under subdivision 3 when the designee of the attorney general determines that investigation is necessary. In the process of evaluation and investigation, the designee shall consult with or seek the assistance of the executive director or the designated board member. The designee may also consult with or seek the assistance of other qualified persons who are not members of the board who the designee believes will materially aid in the process of evaluation or investigation. Upon completion of the investigation, the designee shall forward the investigative report to the executive director.

Subd. 6. [ATTEMPTS AT RESOLUTION.] (a) At any time after receipt of a complaint, the executive director or the designated board member may attempt to resolve the complaint with the regulated person. The available means for resolution include a conference or any other written or oral communication with the regulated person. A conference may be held for the purposes of investigation, negotiation, education, or conciliation. The results of attempts at resolution with the regulated person may include a recommendation to the board for disciplinary action, an agreement between the executive director or the designated board member and the regulated person for corrective action, or the dismissal of a complaint. If attempts at resolution are not in the public interest or are not satisfactory to the executive director or the designated board member, then the executive director or the designated board member may initiate a contested case hearing.

(1) The designee of the attorney general shall represent the board in all attempts at resolution which the executive director or the designated board member anticipate may result in disciplinary action. The available remedies for disciplinary action by consent with the regulated person are those listed in section 214.108, subdivision 4. A stipulation between the executive director or the designated board member and the regulated person shall be presented to the board for the board's consideration. An approved stipulation and resulting order shall become public data.

(2) The designee of the attorney general shall represent the board upon the request of the executive director or the designated board member in all attempts at resolution which the executive director or the designated board member anticipate may result in corrective action. Any agreement between the executive director or the designated board member and the regulated person for corrective action shall be in writing and shall be reviewed by the designee of the attorney general prior to its execution. The agreement for corrective action shall provide for dismissal of the complaint upon successful completion by the regulated person of the corrective action.

(b) Upon receipt of a complaint alleging sexual contact or sexual conduct with a client, the board must forward the complaint to the designee of the attorney general for an investigation. If, after it is investigated, the complaint appears to provide a basis for disciplinary action, the board shall resolve the complaint by disciplinary action or initiate a contested case hearing. Notwithstanding paragraph (a), clause (2), a board may not take corrective action or dismiss a complaint alleging sexual contact or sexual conduct with a client unless, in the opinion of the executive director, the designated board member, and the designee of the attorney general, there is insufficient evidence to justify disciplinary action.

Subd. 7. [CONTESTED CASE HEARING.] If the executive director or the designated board member determines that attempts at resolution of a complaint are not in the public interest or are not satisfactory to the executive director or the designated board member, the executive director or the designated board member, after consultation with the designee of the attorney general, may initiate a contested case hearing under chapter 14. The designated board member or any board member who was consulted during the course of an investigation may participate at the contested case hearing. A designated or consulted board member may not deliberate or vote in any proceeding before the board pertaining to the case.

Subd. 8. [DISMISSAL OF A COMPLAINT.] A complaint may not be dismissed without the concurrence of two board members. The designee of the attorney general must review before dismissal any complaints which allege any violation of chapter 609, any conduct which would be required to be reported under section 626.556 or 626.557, any sexual contact or sexual conduct with a client, any violation of a federal law, any actual or potential inability to practice the regulated profession or occupation by reason of illness, use of alcohol, drugs, chemicals, or any other materials, or as a result of any mental or physical condition, any violation of state medical assistance laws, or any disciplinary action related to credentialing in another jurisdiction or country which was based on the same or related conduct specified in this subdivision.

Subd. 9. [INFORMATION TO COMPLAINANT.] A board shall furnish to a person who made a complaint a description of the actions of the board relating to the complaint.

Subd. 10. [PROHIBITED PARTICIPATION BY BOARD MEMBER.] A board member who has actual bias or a current or former direct financial or professional connection with a regulated person may not vote in board actions relating to the regulated person.

Sec. 71. Minnesota Statutes 1992, section 256B.0625, subdivision 14, is amended to read:

Subd. 14. [DIAGNOSTIC, SCREENING, AND PREVENTIVE SERVICES.] (a) Medical assistance covers diagnostic, screening, and preventive services.

(b) "Preventive services" include services related to pregnancy, including services for those conditions which may complicate a pregnancy and which may be available to a pregnant woman determined to be at risk of poor pregnancy outcome. Preventive services available to a woman at risk of poor pregnancy outcome may differ in an amount, duration, or scope from those available to other individuals eligible for medical assistance.

(c) "Screening services" include, but are not limited to, blood lead tests.

Sec. 72. Minnesota Statutes 1992, section 326.44, is amended to read:

326.44 [FEES PAID TO ~~GENERAL STATE GOVERNMENT~~ SPECIAL REVENUE FUND.]

All fees received under sections 326.37 to 326.45 shall be deposited by the state commissioner of health to the credit of the general state government special revenue fund in the state treasury. The salaries of the necessary employees of the commissioner and the per diem of the inspectors and examiners hereinbefore provided, their expenses and all incidental expenses of the commissioner in carrying out the provisions of sections 326.37 to 326.45, shall be paid, from the appropriations made to the state commissioner of health, but no expense or claim shall be incurred or paid in excess of the amount received from the fees herein provided.

Sec. 73. Minnesota Statutes 1992, section 326.75, subdivision 4, is amended to read:

Subd. 4. [DEPOSIT OF FEES.] Fees collected under this section shall be deposited in the general state government special revenue fund.

Sec. 74. Minnesota Statutes 1992, section 462A.03, subdivision 15, is amended to read:

Subd. 15. [REHABILITATION.] "Rehabilitation" means the repair, reconstruction, or improvement of existing residential housing with the object of making such residential housing decent, safe, sanitary and more desirable to live in, of greater market value or in conformance with state, county, or city health, housing, building, fire prevention, and housing maintenance codes, and lead and other public standards applicable to housing, as determined by the agency.

Sec. 75. [REPEALER.]

Subdivision 1. [LEAD ABATEMENT.] Minnesota Statutes 1992, sections 144.8721; 144.874, subdivision 10; and 144.878, subdivision 2a, are repealed.

Subd. 2. [INFECTIOUS WASTE.] Minnesota Statutes 1992, sections 116.76, subdivision 7; 116.79, subdivision 3; 116.81, subdivision 2; and 116.83, subdivision 2, are repealed.

Minnesota Rules, parts 4622.0100; 4622.0300; 4622.0400; 4622.0600; 4622.0700; 4622.0900; 4622.1000; 4622.1050; 4622.1100; 4622.1150; and 4622.1200, are repealed.

Subd. 3. [MENTAL HEALTH PRACTICE EXPENSES.] Minnesota Statutes 1992, section 148B.72, is repealed effective June 30, 1993.

Subd. 4. [ADVISORY COUNCIL.] Minnesota Statutes 1992, section 214.141, is repealed.

Sec. 76. [EFFECTIVE DATE.]

Sections 1, 13 to 17, 24 to 51, 71, 74, and 75, subdivision 1, are effective the day following final enactment. Section 60 is effective July 1, 1995."

Delete the title and insert:

"A bill for an act relating to human services; appropriating money for human services; amending Minnesota Statutes 1992, sections 62A.045; 116.76, subdivision 14; 116.78, subdivisions 4 and 7; 116.79, subdivisions 1 and 4; 116.80, subdivisions 1 and 2; 116.81, subdivision 1; 116.82, subdivision 3; 116.83, subdivisions 1 and 3; 144.122; 144.123, subdivision 1; 144.215, subdivision 3, and by adding a subdivision; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.8091, subdivision 1; 144.871, subdivisions 2, 6, 7a, 7b, 9, and by adding subdivisions; 144.872, subdivisions 2, 3, 4, and by adding a subdivision; 144.873; 144.874, subdivisions 1, 2, 3, 4, 5, 6, 9, and by adding subdivisions; 144.876, by adding a subdivision; 144.878, subdivisions 2, 2a, and 5; 144.98, subdivision 5; 144A.04, subdivision 7; 144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 145.883, subdivision 5; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6; 148C.02; 148C.03, subdivisions 1, 2, and 3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04; 157.045; 198.34; 214.01, subdivision 2; 214.04, subdivision 1; 214.06, subdivision 1, and by adding a subdivision; 245.462, subdivisions 4 and 20; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.484; 245.4871,

subdivision 4; 245.4873, subdivision 2; 245.4882, subdivision 5; 245.652, subdivisions 1 and 4; 245.73, subdivisions 2, 3, and by adding a subdivision; 246.0135; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions; 252.275, subdivisions 1 and 8; 252.41, subdivision 3; 252.46; 252.47; 252.50, by adding a subdivision; 252A.101, subdivision 7; 252A.111, subdivision 4; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 254B.06, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.032, subdivision 11; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 8, 9, as amended, 9a, as amended, 20, as amended, 22, as amended, and by adding subdivisions; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.04, subdivision 16; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595; 256B.0625, subdivisions 3, 6a, 7, 11, 13, 13a, 14, 15, 17, 19a, 20, 27, 28, 29, and by adding subdivisions; 256B.0627, subdivisions 1, 4, and 5; 256B.0628, subdivision 2; 256B.0629, subdivision 4; 256B.0911, subdivisions 2, 3, 4, 6, 7, and by adding a subdivision; 256B.0913, subdivisions 4, 5, 9, 12, 13, and 14; 256B.0915, subdivisions 1, 3, and by adding subdivisions; 256B.0917, subdivisions 1, 2, 3, 4, 5, 11, and 12; 256B.093, subdivisions 1 and 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a subdivision; 256B.431, subdivisions 2b, 2c, 13, 14, 15, 21, and by adding subdivisions; 256B.432, subdivision 5, and by adding a subdivision; 256B.47, subdivision 3; 256B.48, subdivisions 1 and 2; 256B.49, by adding a subdivision; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 3g, 3i, 12, and by adding a subdivision; 256D.01, subdivision 1a; 256D.02, subdivision 5; 256D.03, subdivisions 3, 4, and 8; 256D.04; 256D.05, by adding a subdivision; 256D.051, subdivisions 1 and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256F.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 2, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.59, subdivision 3; 257.73, subdivision 1; 257.74, subdivision 1; 257.803, subdivision 1; 259.40, subdivisions 1, 2, 3, 4, 5, 7, 8, and 9; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 462A.03, subdivision 15; 518.156, subdivision 1; 518.551, subdivision 5; 518.611, subdivisions 1, 2, 6, and by adding a subdivision; 518.613, subdivisions 2, 3, and 4; 518.64, subdivision 2; 525.539, subdivision 2; 525.551, subdivision 7; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, sections 54; and 57, subdivisions 1 and 3; Laws 1992, chapter 513, article 7, section 131; and Laws 1993, chapter 20, by adding a section; proposing coding for new law in Minnesota Statutes, chapters 115C; 116; 144; 198; 214; 245; 252; 254A; 256; 256B; 256E; 256F; 257; 514; proposing coding for new law as Minnesota Statutes, chapters 144C; and 246B; repealing Minnesota Statutes 1992, sections 116.76, subdivision 7; 116.79, subdivision 3; 116.81, subdivision 2; 116.83, subdivision 2; 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; 148B.72; 214.141; 245.711; 245.712; 252.46, subdivisions 12, 13, and 14; 252.478; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c."

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

Senate Conferees: DON SAMUELSON, LINDA BERGLIN, PAT PIPER, DICK DAY AND DALLAS C. SAMS.

House Conferees: LEE GREENFIELD, BOB ANDERSON, WAYNE SIMONEAU, BECKY LOUREY AND DAVE GRUENES.

Greenfield moved that the report of the Conference Committee on S. F. No. 1496 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1496, A bill for an act relating to health care and family services; the organization and operation of state government; appropriating money for human services, health, and other purposes with certain conditions; establishing and modifying certain programs; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 62A.045; 144.122; 144.123, subdivision 1; 144.215, subdivision 3; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.98, subdivision 5; 144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6; 148C.02; 148C.03, subdivisions 1, 2, and 3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04; 157.045; 198.34; 214.04, subdivision 1; 214.06, subdivision 1, and by adding a subdivision; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.4873, subdivision 2; 245.652, subdivisions 1 and 4; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions;

252.275, subdivision 8; 252.50, by adding a subdivision; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 4, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 8, 9, as amended, and 22, as amended; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595, subdivisions 1, 2, 3, and 4; 256B.0625, subdivisions 13, 13a, 15, 17, 25, 28, 29, and by adding subdivisions; 256B.0913, subdivision 5; 256B.0915, subdivision 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a subdivision; 256B.421, subdivision 14; 256B.431, subdivisions 2b, 2c, 13, 14, 15, 21, and by adding subdivisions; 256B.432, by adding a subdivision; 256B.48, subdivision 1; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 1, 3g, 3i, and by adding a subdivision; 256D.03, subdivisions 3, 4, and 8; 256D.05, by adding a subdivision; 256D.051, subdivisions 1, 1a, 2, 3, and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256F.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.73, subdivision 1; 257.74, subdivision 1; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 518.156, subdivision 1; 518.551, subdivision 5; 518.64, subdivision 2; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, section 57, subdivisions 1 and 3; and Laws 1992, chapter 513, article 7, section 131; proposing coding for new law in Minnesota Statutes, chapters 136A; 245; 246; 256; 256B; 256E; 256F; 257; and 514; proposing coding for new law as Minnesota Statutes, chapters 246B; and 252B; repealing Minnesota Statutes 1992, sections 144A.071, subdivisions 4 and 5; 148B.72; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c.

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 106 yeas and 25 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dauner	Jaros	Lourey	Olson, K.	Rukavina	Vickerman
Anderson, R.	Dawkins	Jefferson	Luther	Opatz	Seagren	Wagenius
Asch	Delmont	Jennings	Macklin	Orenstein	Sekhon	Waltman
Battaglia	Dempsey	Johnson, A.	Mahon	Orfield	Simoneau	Weaver
Bauerly	Dorn	Johnson, R.	Mariani	Ostrom	Skoglund	Wejcman
Beard	Erhardt	Johnson, V.	McCollum	Ozment	Smith	Welle
Bergson	Evans	Kahn	McGuire	Pawlenty	Solberg	Winter
Bertram	Farrell	Kelley	Milbert	Pelowski	Sparby	Wolf
Bettermann	Garcia	Kelso	Molnau	Perlt	Steensma	Worke
Bishop	Goodno	Kinkel	Mosel	Peterson	Swenson	Spk. Long
Brown, C.	Greenfield	Klinzing	Munger	Pugh	Tomassoni	
Brown, K.	Greiling	Koppendrayner	Murphy	Reding	Tompkins	
Carlson	Gruenes	Krueger	Neary	Rest	Trimble	
Carruthers	Hausman	Lasley	Nelson	Rhodes	Tunheim	
Clark	Huntley	Leppik	Ness	Rice	Van Dellen	
Cooper	Jacobs	Lieder	Olson, E.	Rodosovich	Vellenga	

Those who voted in the negative were:

Abrams	Frerichs	Haukoos	Krickerbocker	Lynch	Pauly	Workman
Blatz	Girard	Holsten	Krinkie	Morrison	Stanius	
Commers	Gutknecht	Hugoson	Limmer	Olson, M.	Sviggum	
Davids	Hasskamp	Kalis	Lindner	Ornen	Wenzel	

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

The Speaker called Bauerly to the Chair.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 443, A bill for an act relating to taxation; abolishing certain local government levy limitations; amending Minnesota Statutes 1992, sections 12.26, subdivision 2; 18.022, subdivision 2; 18.111, subdivision 1; 88.04, subdivision 3; 103B.635, subdivision 2; 103B.691, subdivision 2; 103G.625, subdivision 3; 138.053; 164.04, subdivision 3; 164.05, subdivision 1; 174.27; 193.145, subdivision 2; 237.35; 268A.06, subdivision 2; 375.167, subdivision 1; 375A.13, subdivision 2; 383A.03, subdivision 4; 383A.411, subdivision 5; 383B.245; 383C.42, subdivision 1; 398.16; 410.06; 412.251; 412.531, subdivision 1; 449.06; 449.08; 450.19; 459.06, subdivision 1; 459.14, subdivision 2; 465.54; 469.053, subdivision 7; 469.188; 471.191, subdivision 2; 471.24; 471.57, subdivision 1; 471.61, subdivisions 1 and 2a; and 473.711, subdivision 2; Laws 1933, chapter 423, section 2; Laws 1943, chapters 196, section 6, as amended; 367, section 1, as amended; 510, section 1; Laws 1947, chapters 224, section 1; 340, section 4; Laws 1949, chapters 215, section 2; 252, section 1; and 668, section 1; Laws 1953, chapters 154, section 3; and 545, section 2; Laws 1957, chapters 213, section 1; and 629, section 1; Laws 1959, chapters 298, section 2; 520, section 1; and 556, section 1, as amended; Laws 1961, chapters 80, section 1; 81, section 1; 82, section 1; 151, section 1; 209, section 4; 317, section 1; 352, section 1, as amended; 616, section 1, subdivision 1; and 643, section 1; Laws 1961, extra session chapter 33, section 3; Laws 1963, chapters 29, section 1; 56, section 1; 103, section 1; and 603, section 1; Laws 1965, chapters 6, section 2, as amended; 442, section 1; 451, section 2; 512, section 1, subdivision 1; 527, section 1; and 617, section 1; Laws 1967, chapters 501, section 1; 526, section 1, subdivision 3; 542, section 1, subdivision 3; 611, section 1; 660, section 2, subdivision 2; and 758, section 1; Laws 1969, chapters 192, section 1, as amended; 534, section 2; 538, section 6, as amended; 602, section 1, subdivision 2; 652, section 1; 659, section 3; and 730, section 1; Laws 1971, chapters 404, section 1; 424, section 1; 573, sections 1 and 2, as amended; and 876, section 3; Laws 1973, chapter 81, section 1; Laws 1977, chapter 61, section 8; Laws 1979, chapters 1, section 3; 303, article 10, section 15, subdivision 2, as amended; and 253, section 3; Laws 1981, chapter 281, section 1; Laws 1983, chapter 326, section 17, subdivision 1; Laws 1984, chapters 380, section 1; and 502, article 13, section 8; Laws 1985, chapters 181, section 1; 289, sections 1, 3, 5, subdivision 1, and 6, subdivision 1; Laws 1986, chapters 392, section 1; and 399, article 1, section 1, as amended; Laws 1988, chapters 517, section 1; and 640, section 3; Laws 1990, chapter 604, article 3, sections 59, subdivision 1, and 60; repealing Minnesota Statutes 1992, sections 373.40, subdivision 6; 469.053, subdivision 6; 469.107, subdivision 1; 471.1921; and 471.63, subdivision 2; Laws 1915, chapter 316, section 1, as amended; Laws 1939, chapter 219, section 1; Laws 1941, chapter 451, section 1; Laws 1961, chapters 30, section 1; 119, section 1; 276, section 1; and 439, section 1; Laws 1963, chapter 228, section 1; Laws 1971, chapters 168; 356, section 2; 515, section 1; and 770; Laws 1973, chapter 445, section 1; Laws 1974, chapter 209; Laws 1977, chapter 246; Laws 1982, chapter 523, article XII, section 8; Laws 1984, chapter 502, article 13, section 10, as amended; Laws 1986, chapter 399, article 1, section 4; Laws 1989, First Special Session chapter 1, article 5, section 50, as amended; Laws 1990, chapter 604, article 3, sections 50 and 55; and Laws 1991, chapters 3, section 2, subdivision 3; and 291, article 4, section 21.

PATRICK E. FLAHAVER, Secretary of the Senate

CALL OF THE HOUSE

On the motion of Sviggum and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abrams	Clark	Girard	Johnson, A.	Lieder	Munger	Pelowski
Anderson, I.	Commers	Goodno	Johnson, R.	Limmer	Murphy	Perlt
Anderson, R.	Cooper	Greenfield	Johnson, V.	Lindner	Nelson	Peterson
Asch	Dauner	Greiling	Kahn	Lourey	Ness	Pugh
Battaglia	Dauids	Gruenes	Kalis	Luther	Olson, E.	Reding
Bauerly	Dawkins	Gutknecht	Kelley	Lynch	Olson, K.	Rest
Bergson	Dehler	Hasskamp	Kelso	Macklin	Olson, M.	Rhodes
Bertram	Delmont	Haukoos	Kinkel	Mahon	Onnen	Rice
Bettermann	Dempsey	Hausman	Klinzing	Mariani	Opatz	Rodosovich
Bishop	Dorn	Holsten	Knickerbocker	McCollum	Orenstein	Rukavina
Blatz	Erhardt	Hugoson	Koppendrayner	McGuire	Orfield	Seagren
Brown, C.	Evans	Huntley	Krinkie	Milbert	Ostrom	Sekhon
Brown, K.	Farrell	Jacobs	Krueger	Molnau	Ozment	Simoneau
Carlson	Frerichs	Jefferson	Lasley	Morrison	Pauly	Skoglund
Carruthers	Garcia	Jennings	Leppik	Mosel	Pawlenty	Smith

Solberg	Sviggum	Tunheim	Wagenius	Welle	Worke
Sparby	Swenson	Van Dellen	Waltman	Wenzel	Workman
Stanius	Tomassoni	Vellenga	Weaver	Winter	
Steensma	Trimble	Vickerman	Wejzman	Wolf	

Anderson, I, 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.

CONCURRENCE AND REPASSAGE

Olson, E., moved that the House concur in the Senate amendments to H. F. No. 443 and that the bill be repassed as amended by the Senate.

Sviggum moved that the House refuse to concur in the Senate amendments to H. F. No. 443, 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.

A roll call was requested and properly seconded.

The question was taken on the Sviggum motion and the roll was called.

Long moved that those not voting be excused from voting. The motion prevailed.

There were 57 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Abrams	Dempsey	Hugoson	Limmer	Olson, M.	Smith	Wolf
Asch	Erhardt	Johnson, V.	Lindner	Ornen	Stanius	Worke
Bergson	Frerichs	Kelley	Lynch	Opatz	Sviggum	Workman
Bettermann	Girard	Kelso	Macklin	Ozment	Swenson	
Blatz	Goodno	Klinzing	McCollum	Pauly	Tompkins	
Commers	Gruenes	Knickerbocker	Molnau	Pawlenty	Van Dellen	
Dauner	Gutknecht	Koppendrayer	Morrison	Perlt	Vickerman	
Davids	Haukoos	Krinkie	Nelson	Rhodes	Waltman	
Dehler	Holsten	Leppik	Ness	Seagren	Weaver	

Those who voted in the negative were:

Anderson, I.	Cooper	Huntley	Lieder	Olson, E.	Rice	Tunheim
Anderson, R.	Dawkins	Jacobs	Lourey	Olson, K.	Rodosovich	Vellenga
Battaglia	Delmont	Jefferson	Luther	Orenstein	Rukavina	Wagenius
Bauerly	Dorn	Jennings	Mahon	Orfield	Sekhon	Wejzman
Beard	Evans	Johnson, A.	Mariani	Osthoff	Simoneau	Welle
Bertram	Farrell	Johnson, R.	McGuire	Ostrom	Skoglund	Wenzel
Brown, C.	Garcia	Kahn	Milbert	Pelowski	Solberg	Winter
Brown, K.	Greenfield	Kalis	Mosel	Peterson	Sparby	Spk. Long
Carlson	Greiling	Kinkel	Munger	Pugh	Steensma	
Carruthers	Hasskamp	Krueger	Murphy	Reding	Tomassoni	
Clark	Hausman	Lasley	Neary	Rest	Trimble	

The motion did not prevail.

The question recurred on the Olson, E., motion that the House concur in the Senate amendments to H. F. No. 443 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 443, A bill for an act relating to taxation; increasing certain income tax rates and using the proceeds of the tax increase to reduce school district property tax levies and to reduce class sizes; appropriating money; amending Minnesota Statutes 1992, sections 124A.22, subdivision 6; 290.06, subdivisions 2c and 2d; and 290.091, subdivisions 1, 2, and 6.

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.

Anderson, I., moved that those not voting be excused from voting. The motion prevailed.

There were 73 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Cooper	Huntley	Lieder	Olson, K.	Rodosovich	Vellenga
Anderson, R.	Dawkins	Jacobs	Lourey	Orenstein	Rukavina	Wagenius
Battaglia	Delmont	Jaros	Luther	Orfield	Sekhon	Wejzman
Bauerly	Dorn	Jefferson	Mahon	Osthoff	Simoneau	Welle
Beard	Evans	Jennings	Mariani	Ostrom	Skoglund	Wenzel
Bertram	Farrell	Johnson, R.	McGuire	Pelowski	Solberg	Winter
Brown, C.	Garcia	Kahn	Milbert	Peterson	Sparby	Spk. Long
Brown, K.	Greenfield	Kalis	Mosel	Pugh	Steensma	
Carlson	Greiling	Kinkel	Munger	Reding	Tomassoni	
Carruthers	Hasskamp	Krueger	Murphy	Rest	Trimble	
Clark	Hausman	Lasley	Olson, E.	Rice	Tunheim	

Those who voted in the negative were:

Abrams	Dempsey	Hugoson	Leppik	Nelson	Rhodes	Waltman
Asch	Erhardt	Johnson, A.	Limmer	Ness	Seagren	Weaver
Bergson	Frerichs	Johnson, V.	Lindner	Olson, M.	Smith	Wolf
Bettermann	Girard	Kelley	Lynch	Onnen	Stanius	Worke
Blatz	Goodno	Kelso	Macklin	Opatz	Sviggum	Workman
Commers	Gruenes	Klinzing	McCollum	Ozment	Swenson	
Dauner	Gutknecht	Knickerbocker	Molnau	Pauly	Tompkins	
Davidis	Haukoos	Koppendrayer	Morrison	Pawlenty	Van Dellen	
Dehler	Holsten	Krinkie	Neary	Perlt	Vickerman	

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

CALL OF THE HOUSE LIFTED

Brown, C., moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

Madam Speaker:

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

H. F. No. 1205, A bill for an act relating to courts; making the housing calendar consolidation projects in the second and fourth judicial districts permanent law; providing that the law requiring that fines collected for violations of building repair orders must be used for the housing calendar consolidation projects is permanent; amending Laws 1989, chapter 328, article 2, section 17; repealing Laws 1989, chapter 328, article 2, sections 18 and 19.

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

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1437, A bill for an act relating to utilities; requiring cooperative electric associations and municipal utilities to comply with standards set by public utilities commission relating to electrical current or voltage; regulating public utility commission procedures and filings; regulating affiliated interests of public utilities; providing for interim rates; providing that primary fuel source determines whether power generating plant is a large energy facility for purposes of certificate of need process; amending Minnesota Statutes 1992, sections 216B.h216B.2421, subdivision 2, and by adding a subdivision; 216B.43; and 216B.48, subdivisions 1 and 4.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Mr. Novak; Mses. Johnson, J. B., and Anderson.

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

Jacobs 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. 1437. The motion prevailed.

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1320, A bill for an act relating to education; requiring changes in college preparation requirements.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Murphy, Janezich and Pogemiller.

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

Olson, K., 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. 1320. The motion prevailed.

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 532, A bill for an act relating to courts; conciliation court; adopting one body of law to govern conciliation courts; increasing the jurisdictional limit; amending Minnesota Statutes 1992, sections 481.02, subdivision 3; and 549.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 550; proposing coding for new law as Minnesota Statutes, chapter 491A; repealing Minnesota Statutes 1992, sections 487.30; 488A.12; 488A.13; 488A.14; 488A.15; 488A.16; 488A.17; 488A.29; 488A.30; 488A.31; 488A.32; 488A.33; and 488A.34; and Laws 1992, chapter 591, section 21.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Finn, Marty and Ms. Kiscaden.

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

Dawkins 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. 532. The motion prevailed.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 31, A bill for an act relating to state government; providing for gender balance in multimember agencies; amending Minnesota Statutes 1992, section 15.0597, by adding subdivisions.

PATRICK E. FLAHAVEN, Secretary of the Senate

Kahn moved that the House refuse to concur in the Senate amendments to H. F. No. 31, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1529, A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring.

PATRICK E. FLAHAVEN, Secretary of the Senate

Hausman moved that the House refuse to concur in the Senate amendments to H. F. No. 1529, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1225, A bill for an act relating to agriculture; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; exempting certain pesticides from the ACRRA surcharge; requiring a report; appropriating money; repealing the hazardous substance labeling act; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.135; 18B.14, subdivision 2; 18B.26, subdivision 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18E.03, subdivisions 2 and 5; 21.85, subdivision 10; 325F.19, subdivision 7; repealing Minnesota Statutes 1992, sections 18B.07, subdivision 3; 18C.211, subdivision 3; 18C.215, subdivision 3; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; 24.42; 25.46; and 25.47.

PATRICK E. FLAHAVEN, Secretary of the Senate

Steensma moved that the House refuse to concur in the Senate amendments to H. F. No. 1225, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 860 and 553.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 860, A bill for an act relating to retirement; providing coverage for unclassified managerial employees in temporary, acting, or interim positions; providing default plan for employee selection; adding conforming language to clarify eligibility between plans; relating to the individual retirement account plan; providing for repayment of missed contributions; providing for administrative expenses; providing for contributions during period of sabbatical leave; relating to the supplemental retirement plan; providing conforming language for previous oversight of eligible members; relating to marriage dissolutions; amending Minnesota Statutes 1992, sections 352D.02, subdivisions 1 and 1a; 354B.01, by adding a subdivision; 354B.02, subdivisions 1, 3a, and by adding a subdivision; 354B.04, by adding a subdivision; 354B.05, by adding a subdivision; 356.24, subdivision 1; and 518.58, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 354B; repealing Minnesota Statutes 1992, section 354B.02, subdivision 3.

The bill was read for the first time.

Johnson, R., moved that S. F. No. 860 and H. F. No. 1131, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 553, A bill for an act relating to retirement; Minneapolis and St. Paul teacher retirement fund associations; providing additional funding from various sources; assessing active and retired members for certain teacher retirement fund associations supplemental administrative expenses; modifying certain post retirement adjustments; authorizing contributions by the city of Minneapolis; appropriating money; authorizing certain tax levies by special school district No. 1; amending Minnesota Statutes 1992, sections 354A.12, subdivisions 2, 2a, and by adding subdivisions; and Laws 1959, chapter 462, section 3, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 354A; repealing Laws 1987, chapter 372, article 3, section 1.

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

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 532:

Dawkins, Skoglund and Macklin.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1320:

Olson, K.; Tunheim and Ness.

Anderson, I., 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 Speaker pro tempore Bauerly.

Cooper was excused while in conference.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1709

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; fixing and limiting accounts and fees; amending Minnesota Statutes 1992, sections 11A.21, subdivision 1; 161.081; 161.39, by adding a subdivision; 169.121, subdivision 7; 169.123, subdivision 5a; 171.02, subdivision 1; 171.06, subdivisions 2 and 4; 171.07, by adding a subdivision; 171.11; 171.22, subdivision 1; 174.02, by adding a subdivision; 296.02, subdivision 1a; 296.025, subdivision 1a; Laws 1992, chapter 513, article 3, section 77; proposing coding for new law in Minnesota Statutes, chapter 161; repealing Minnesota Statutes 1992, sections 171.20, subdivision 1; 296.01, subdivision 4; and 296.026.

May 13, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1709, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1709 be further amended 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 "1993," "1994," and "1995," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1993, June 30, 1994, or June 30, 1995, respectively.

SUMMARY BY FUND

	1993	1994	1995	TOTAL
General	\$630,000	\$ 74,582,000	\$ 66,851,000	\$142,063,000
Airports	385,000	16,884,000	15,681,000	32,950,000
C.S.A.H.		246,890,000	247,890,000	494,780,000
Environmental		240,000	240,000	480,000
Highway User		11,551,000	11,458,000	23,009,000
M.S.A.S.		71,990,000	71,990,000	143,980,000
Special Revenue		1,252,000	1,252,000	2,504,000
Trunk Highway		754,472,000	760,022,000	1,514,494,000
Transfers to Other				
Direct		(2,398,000)	(2,346,000)	(4,744,000)
TOTAL	1,015,000	1,173,767,000	1,174,734,000	2,349,516,000

APPROPRIATIONS
Available for the Year
Ending June 30

	1993	1994	1995
Sec. 2. TRANSPORTATION			
Subdivision 1. Total Appropriation	385,000	1,036,111,000	1,040,203,000

The appropriations in this section are from the trunk highway fund, except when another fund is named.

Summary by Fund

General		11,659,000	9,192,000
Airports	385,000	16,884,000	15,681,000
C.S.A.H.		246,890,000	247,890,000
Environmental		200,000	200,000
M.S.A.S.		71,990,000	71,990,000
Trunk Highway		688,488,000	695,250,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Aeronautics	385,000	16,692,000	15,487,000
----------------------	---------	------------	------------

This appropriation is from the state airports fund.

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Airport Development and Assistance

	1993	1994	1995
	385,000	11,005,000	10,841,000

\$385,000 is appropriated for fiscal year 1993 from the state airports fund, to be used in conjunction with funds provided by the Canadian government for airport construction at the Piney-Pine Creek Border Airport, and is available until the project is either completed or abandoned.

\$1,887,000 the first year and \$2,146,000 the second year are for navigational aids.

\$6,810,000 the first year and \$6,387,000 the second year are for airport construction grants.

\$2,100,000 the first year and \$2,100,000 the second year are for airport maintenance grants.

If the appropriation for either year for navigational aids, airport construction grants, or airport maintenance grants is insufficient, the appropriation for the other year is available for it. The appropriations for construction grants and maintenance grants must be expended only for grant-in-aid programs for airports that are not state owned.

APPROPRIATIONS
Available for the Year
Ending June 30

1994 1995

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.

\$200,000 the first year and \$200,000 the second year are for air service grants.

(b) Civil Air Patrol

	65,000	65,000
--	--------	--------

(c) Aeronautics Administration

	5,622,000	4,581,000
--	-----------	-----------

Of the appropriation for the first year, \$1,200,000 is for the purchase of an office building to house the office of aeronautics.

\$15,000 the first year and \$15,000 the second year are for the advisory council on metropolitan airport planning. The commissioner of transportation shall transfer these funds to the legislative coordinating commission by July 15 of each year.

Subd. 3. Transit	11,537,000	9,089,000
------------------	------------	-----------

Summary by Fund

General	11,239,000	8,789,000
Trunk Highway	298,000	300,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Greater Minnesota Transit Assistance

	10,644,000	8,394,000
--	------------	-----------

This appropriation is from the general fund.

(b) Transit Administration

	693,000	695,000
--	---------	---------

Summary by Fund

General	395,000	395,000
Trunk Highway	298,000	300,000

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

(c) Light Rail Transit

200,000

This appropriation is from the general fund and is to match federal funds for the planning and design of a metropolitan light rail transit system. This amount is available only if Hennepin county provides \$400,000 and Ramsey county provides \$200,000 to the commissioner of transportation for this purpose.

Subd. 4. Railroads and Waterways

	1,134,000	1,134,000
--	-----------	-----------

Summary by Fund

General	241,000	241,000
Trunk Highway	893,000	893,000

Subd. 5. Motor Carrier Regulation

	2,177,000	2,177,000
--	-----------	-----------

Summary by Fund

General	107,000	107,000
Trunk Highway	2,070,000	2,070,000

Subd. 6. Local Roads

	319,950,000	320,950,000
--	-------------	-------------

Summary by Fund

C.S.A.H.	246,890,000	247,890,000
M.S.A.S.	71,990,000	71,990,000
Trunk Highway	1,070,000	1,070,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) County State Aids

	246,890,000	247,890,000
--	-------------	-------------

This appropriation is from the county state-aid highway fund and is available until spent.

(b) Municipal State Aids

	71,990,000	71,990,000
--	------------	------------

This appropriation is from the municipal state-aid street fund and is available until spent.

APPROPRIATIONS
Available for the Year
Ending June 30

1994	1995
------	------

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 ways and means 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 aids or municipal state aids, as appropriate.

(c) State Aid Technical Assistance

1,070,000	1,070,000
-----------	-----------

Subd. 7. State Road Construction

360,961,000	363,335,000
-------------	-------------

Summary by Fund

Environmental	200,000	200,000	
Trunk Highway	360,761,000	363,135,000	

The amounts that may be spent from this appropriation for each activity are as follows:

(a) State Road Construction

338,295,000	337,863,000
-------------	-------------

Summary by Fund

Environmental	200,000	200,000	
Trunk Highway	338,095,000	337,663,000	

It is estimated that the appropriation from the trunk highway fund will be funded as follows:

Federal Highway Aid

185,000,000	185,000,000
-------------	-------------

Highway User Taxes

153,095,000	152,663,000
-------------	-------------

The commissioner of transportation shall notify the chair of the committee on finance of the senate and chair of the committee on ways and means of the house of representatives 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 landowners for lands acquired for highway right-of-way, payment to lessees, interest subsidies, and relocation expenses.

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

(b) Highway Debt Service

14,380,000	17,186,000
------------	------------

\$14,380,000 the first year and \$12,486,000 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 ways and means 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.

(c) Highway Program Administration

2,042,000	2,042,000
-----------	-----------

\$243,000 the first year and \$243,000 the second year are available for grants for transportation studies outside the metropolitan area for transportation studies to identify critical concerns, problems, and issues. These grants are available to (1) regional development commissions, and (2) in regions where no regional development commission is functioning, joint-powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission.

\$180,000 the first year and \$180,000 the second year are available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

(d) Transportation Data Analysis

3,279,000	3,279,000
-----------	-----------

(e) Research and Strategic Initiatives

2,965,000	2,965,000
-----------	-----------

\$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.

Subd. 8. Highway Program Delivery

115,223,000

115,268,000

(a) Design Engineering

50,493,000	50,538,000
------------	------------

APPROPRIATIONS
Available for the Year
Ending June 30

1994 1995

(b) Construction Engineering

64,730,000 64,730,000

Subd. 9. State Road Operations

167,580,000 171,950,000

Summary by Fund

Trunk Highway 167,554,000 171,941,000
General 26,000 9,000

(a) State Road Operations

157,994,000 162,381,000

(b) Electronic Communications

3,365,000 3,348,000

Summary by Fund

General 26,000 9,000
Trunk Highway 3,339,000 3,339,000

\$26,000 the first year and \$9,000 the second year are for equipment and operation of the Roosevelt signal tower for Lake of the Woods weather broadcasting.

(c) Traffic Engineering

6,221,000 6,221,000

Subd. 10. Equipment

15,493,000 15,493,000

Summary by Fund

General 5,000 5,000
Airports 59,000 59,000
Trunk Highway 15,429,000 15,429,000

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 11. General Administration

25,364,000 25,320,000

Summary by Fund

General 41,000 41,000
Airports 133,000 135,000
Trunk Highway 25,190,000 25,144,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) General Management

15,022,000 15,022,000

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

(b) General Services

8,718,000 8,672,000

Summary by Fund

General	41,000	41,000	
Airports	75,000	75,000	
Trunk Highway	8,602,000	8,556,000	

\$2,045,000 the first year and \$2,045,000 the second year are for data processing development. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The commissioner of transportation shall manage the department of transportation in such a manner as to provide seasonal employees of the department with the maximum feasible amount of employment security consistent with the efficient delivery of department programs.

(c) Legal Services

1,566,000 1,566,000

This appropriation is for the purchase of legal services from or through the attorney general.

(d) Air Transportation Services

58,000 60,000

This appropriation is from the state airports fund.

Subd. 12. 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 ways and means of the house of representatives.

Subd. 13. Contingent Appropriation

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 design, construction, or inspection in order to take advantage of an unanticipated receipt of income to the trunk highway fund, or to trunk highway maintenance in order to meet an emergency, or to pay tort or environmental claims. The amount transferred is appropriated for the purpose of the account to which it is transferred.

APPROPRIATIONS
Available for the Year
Ending June 30

	1993	1994	1995
Sec. 3. REGIONAL TRANSIT BOARD			
Subdivision 1. Total Appropriation		32,792,000	27,891,000
Subd. 2. Regular Route			
	15,492,000	12,307,000	
Of this amount, \$14,692,000 the first year and \$12,307,000 the second year are for the metropolitan transit commission. The regional transit board must not reduce this appropriation to the metropolitan transit commission.			
Subd. 3. Metro Mobility			
	13,800,000	12,974,000	
The regional transit board must not spend any money for metro mobility outside this appropriation.			
Subd. 4. Community Based and Agency Costs			
	3,500,000	2,610,000	
Sec. 4. TRANSPORTATION REGULATION BOARD		705,000	707,000

This appropriation is from the trunk highway fund.

Sec. 5. PUBLIC SAFETY			
Subdivision 1. Total Appropriation	630,000	104,796,000	103,178,000
Summary by Fund			
	1993	1994	1995
General	630,000	30,064,000	29,701,000
Highway User		11,426,000	11,333,000
Special Revenue		1,252,000	1,252,000
Trunk Highway		64,412,000	63,198,000
Environmental		40,000	40,000
Transfers to Other			
Direct		(2,398,000)	(2,346,000)

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Administration and Related Services			
	4,640,000	4,473,000	
Summary by Fund			
General	552,000	522,000	
Highway User	19,000	19,000	
Trunk Highway	4,069,000	3,932,000	

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

\$326,000 the first year and \$326,000 the second year are for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 3. State Patrol

43,781,000	42,214,000
------------	------------

Summary by Fund

General	389,000	389,000
Highway User	90,000	90,000
Trunk Highway	43,302,000	41,735,000

During the biennium ending June 30, 1995, no more than five positions, excluding the chief patrol officer, in the state patrol support activity may be filled by state troopers.

During the biennium ending June 30, 1995, the commissioner may purchase other motor fuel when gasohol is not available for the operation of state patrol vehicles.

The state patrol shall not reduce the hours of operation or the level of service at the Saginaw, Worthington, and Erskine weigh stations. The Moorhead weigh station shall be opened by January 31, 1995.

Subd. 4. Driver and Vehicle Services

29,680,000	30,058,000
------------	------------

Summary by Fund

General	3,567,000	3,534,000
Highway User	10,152,000	10,074,000
Trunk Highway	15,905,000	16,394,000
Special Revenue	56,000	56,000

The appropriation from the special revenue fund is from the bicycle transportation account.

\$43,000 the first year and \$43,000 the second year are transferred to the commissioner of human services for reimbursement for chemical use assessments of juveniles under Minnesota Statutes, section 260.151.

Subd. 5. Traffic Safety

223,000	223,000
---------	---------

Summary by Fund

General	61,000	61,000
Trunk Highway	162,000	162,000

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

required by Minnesota Statutes 1992, section 299A.325, or other law; \$75,000 shall be used to encourage treatment programs to expand their diagnostic methods and treatment scope to treat individuals using combined mental health and chemical dependency programs; \$75,000 is for treatment programs for pregnant women and women with children; \$75,000 is for treatment programs for chemically dependent children from ages six to 12; and \$287,000 is for treatment programs for high-risk youth under Minnesota Statutes 1992, section 254A.14, subdivision 3.

Subd. 14. Crime Victims Services

1,835,000

1,835,000

Notwithstanding any other law to the contrary, the crime victims reparations board shall, to the extent possible, distribute the appropriation in equal monthly increments.

In no case shall the total awards exceed the appropriation made in this subdivision.

Subd. 15. Crime Victims Ombudsman

73,000

73,000

Subd. 16. Deficiency Appropriation

\$630,000 is appropriated from the general fund to the commissioner of public safety for fiscal year 1993. Of this appropriation, \$545,000 is to match federal funds, for tornado damage in Southwestern Minnesota as provided by Presidential Disaster Declaration DSR946, awarded on June 22, 1992, and \$85,000 is to match federal funds for winter storm damage as provided by Presidential Disaster Declaration DSR929, awarded December 26, 1991.

Subd. 17. Transfers

The commissioner of public safety may transfer unencumbered balances among the programs specified in this section after getting the approval of the commissioner of finance. The commissioner of finance 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 house of representatives ways and means committee.

Subd. 18. Reimbursements

(a) \$1,233,000 the first year and \$1,196,000 the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1994, and January 1, 1995, 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.

APPROPRIATIONS
Available for the Year
Ending June 30

1994 1995

(b) \$449,000 the first year and \$434,000 the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1994, and January 1, 1995, 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) \$716,000 the first year and \$716,000 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, 1994, and January 1, 1995, 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. PRIVATE DETECTIVE AND PROTECTIVE AGENT
SERVICES BOARD

67,000 67,000

Sec. 7. MINNESOTA SAFETY COUNCIL

67,000 67,000

This appropriation is from the trunk highway fund.

Sec. 8. GENERAL CONTINGENT ACCOUNTS

325,000 325,000

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. 9. TORT CLAIMS

600,000 600,000

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. 10. UNCODIFIED LANGUAGE

All uncodified language contained in sections 1 to 9 expires on June 30, 1995, unless a different expiration is explicit.

Sec. 11. [EFFECTIVE DATE FOR 1993 APPROPRIATIONS.]

Any appropriation in this act for fiscal year 1993 is effective the day following final enactment.

Sec. 12. [STONE ARCH BRIDGE; REVERSION.]

Notwithstanding any law to the contrary, any provision in a deed of conveyance of legal title to the James J. Hill stone arch bridge from Hennepin county to the commissioner of transportation that provides for reversion of the bridge to the county is void.

Sec. 13. Laws 1992, chapter 513, article 3, section 77, is amended to read:

Sec. 77. [STONE ARCH BRIDGE.]

Notwithstanding any other law to the contrary, the board of Hennepin county commissioners, in its capacity as the county board or as the Hennepin county regional rail authority, shall transfer legal title to the James J. Hill stone arch bridge to the commissioner of transportation for a consideration of \$1,001. The deed of conveyance shall provide for reversion of the property to the county in the event the county has need of the bridge for light rail transit. The commissioner shall by order prohibit use of the bridge by motorized traffic, except that the commissioner may permit use of the bridge by the following vehicles if the commissioner determines that such use will not adversely affect the design of the bridge: (1) vehicles used exclusively to transport persons with physical disabilities; (2) maintenance vehicles; and (3) a low-speed, motorized, rubber-tire bus that crosses the bridge not more than ten times each day.

Sec. 14. Minnesota Statutes 1992, section 11A.21, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATION OF HIGHWAY FUNDS.] The commissioner of transportation shall certify to the state board those portions of the highway user tax distribution fund established pursuant to article XIV, section 5 of the Constitution of the state of Minnesota; the trunk highway fund established pursuant to article XIV, section 6 of the Constitution of the state of Minnesota; the county state-aid highway fund established pursuant to article XIV, section 7 of the Constitution of the state of Minnesota; and the municipal state-aid street fund established pursuant to article XIV, section 8 of the Constitution of the state of Minnesota, which in the judgment of the commissioner are not required for immediate use.

Sec. 15. Minnesota Statutes 1992, section 161.081, is amended to read:

161.081 [HIGHWAY USER TAX, DISTRIBUTION OF PORTION OF PROCEEDS, INVESTMENT.]

Subdivision 1. [DISTRIBUTION OF FIVE PERCENT.] Pursuant to article 14, section 5, of the constitution, five percent of the net highway user tax distribution fund is set aside, and apportioned as follows:

- (1) 28 percent to the trunk highway fund;
- (2) 64 percent to a separate account in the county state-aid highway fund to be known as the county turnback account, which account in the state treasury is hereby created;
- (3) 8 percent to a separate account in the municipal state-aid street fund to be known as the municipal turnback account, which account in the state treasury is hereby created.

Subd. 2. [INVESTMENT.] Upon the request of the commissioner, money in the highway user tax distribution fund shall be invested by the state board of investment in those securities authorized for that purpose in section 11A.21. All interest and profits from the investments must be credited to the highway user tax distribution fund. The state treasurer shall be the custodian of all securities purchased under this section.

Sec. 16. Minnesota Statutes 1992, section 161.39, is amended by adding a subdivision to read:

Subd. 5b. [REIMBURSEMENT FOR SERVICES.] The office of electronic communication in the department of transportation may perform work for other state agencies and, to the extent that these services are performed beyond the level for which money was appropriated, may deposit revenue generated from this source as dedicated receipts to the account from which it was spent.

Sec. 17. Minnesota Statutes 1992, section 168.345, is amended by adding a subdivision to read:

Subd. 3. [REQUESTS FOR INFORMATION; SURCHARGE ON FEE.] The commissioner shall impose a surcharge of 25 cents on each fee charged by the commissioner under section 13.03, subdivision 3, for copies or electronic transmittal of public information concerning motor vehicle registrations. This surcharge only applies to a fee imposed in responding to a request made in person or by mail, or to a request for transmittal through a computer modem. The commissioner shall forward the surcharges collected under this subdivision to the commissioner of finance on a monthly basis. Upon receipt, the commissioner of finance shall credit the surcharges to the general fund.

Sec. 18. Minnesota Statutes 1992, section 169.121, subdivision 7, is amended to read:

~~Subd. 7. [LICENSE REVOCATION; COURT PROCEDURES.] On behalf of the commissioner of public safety a court shall serve notice of revocation on a person convicted of a violation of this section unless the commissioner has already revoked the person's driving privileges or served the person with a notice of revocation for a violation of section 169.123 arising out of the same incident. The court shall take the license or permit of the driver, if any, or obtain a sworn affidavit stating that the license or permit cannot be produced, and send it to the commissioner with a record of the conviction and issue a temporary license effective only for the period during which an appeal from the conviction may be taken. No person who is without driving privileges at the time shall be issued a temporary license and any temporary license issued shall bear the same restrictions and limitations as the driver's license or permit for which it is exchanged.~~

~~The commissioner shall issue additional temporary licenses until the final determination of whether there shall be a revocation under this section.~~

The court shall invalidate the driver's license or permit in such a way that no identifying information is destroyed.

Sec. 19. Minnesota Statutes 1992, section 169.123, subdivision 5a, is amended to read:

~~Subd. 5a. [PEACE OFFICER AGENT FOR NOTICE OF REVOCATION OR DISQUALIFICATION.] On behalf of the commissioner of public safety a peace officer requiring a test or directing the administration of a chemical test shall serve immediate notice of intention to revoke and of revocation on a person who refuses to permit a test or on a person who submits to a test the results of which indicate an alcohol concentration of 0.10 or more. On behalf of the commissioner of public safety, a peace officer requiring a test or directing the administration of a chemical test of a person driving, operating, or in physical control of a commercial motor vehicle shall serve immediate notice of intention to disqualify and of disqualification on a person who refuses to permit a test, or on a person who submits to a test the results of which indicate an alcohol concentration of 0.04 or more. The officer shall either:~~

~~(1) take the driver's license or permit of the driver, if any, and issue a temporary license effective only for seven days. The peace officer shall send the person's driver's license it to the commissioner of public safety along with the certificate required by subdivision 4, and issue a temporary license effective only for seven days; or~~

~~(2) invalidate the driver's license or permit in such a way that no identifying information is destroyed.~~

Sec. 20. Minnesota Statutes 1992, section 171.02, subdivision 1, is amended to read:

~~Subdivision 1. [LICENSE REQUIRED.] No person, except those hereinafter expressly exempted, shall drive any motor vehicle upon any street or highway in this state unless such person has a license valid under the provisions of this chapter for the type or class of vehicle being driven. No person shall receive a driver's license unless and until the person surrenders to the department all valid driver's licenses in possession issued to the person by any other jurisdiction. All surrendered licenses shall be returned person's license from any jurisdiction has been invalidated by the department. The department shall provide to the issuing department together with of any jurisdiction, information that the licensee is now licensed in new jurisdiction Minnesota. No person shall be permitted to have more than one valid driver's license at any time. No person to whom a current Minnesota identification card has been issued may receive a driver's license, other than an instruction permit or a limited license, unless the person surrenders to the department any person's Minnesota identification card issued to the person under section 171.07, subdivision 3 has been invalidated by the department.~~

Sec. 21. Minnesota Statutes 1992, section 171.06, subdivision 2, is amended to read:

Subd. 2. [FEES.] (a) The fees for a license and Minnesota identification card are as follows:

Classified Driver License	C-\$15	CC-\$19	B-\$26	A-\$34
	<u>C-\$18.50</u>	<u>CC-\$22.50</u>	<u>B-\$29.50</u>	<u>A-\$37.50</u>
Classified Under 21 D.L.	C-\$15	CC-\$19	B-\$26	A-\$14
	<u>C-\$18.50</u>	<u>CC-\$22.50</u>	<u>B-\$29.50</u>	<u>A-\$17.50</u>
Instruction Permit				\$ 6 9.50
Duplicate Driver or Under 21 License				\$ 4.50
				<u>\$ 8.00</u>
Minnesota identification card, except as otherwise provided in section 171.07, subdivisions 3 and 3a				-\$ 9
				<u>\$12.50</u>

Sec. 22. Minnesota Statutes 1992, section 171.06, subdivision 4, is amended to read:

Subd. 4. [APPLICATION, FILING; FEE RETAINED FOR EXPENSES.] Any applicant for an instruction permit, a driver's license, restricted license, or duplicate license may file an application with a court administrator of the district court or at a state office. The administrator or state office shall receive and accept the application. To cover all expenses involved in receiving, accepting, or forwarding to the department applications and fees, the court administrator of the district court may retain a county fee of ~~\$1~~ \$3.50 for each application for a Minnesota identification card, instruction permit, duplicate license, driver license, or restricted license. The amount allowed to be retained by the court administrator of the district court shall be paid into the county treasury and credited to the general revenue fund of the county. Before the end of the first working day following the final day of an established reporting period, the court administrator shall forward to the department all applications and fees collected during the reporting period, less the amount herein allowed to be retained for expenses. The court administrators of the district courts may appoint agents to assist in accepting applications, but the administrators shall require every agent to forward to the administrators by whom the agent is appointed all applications accepted and fees collected by the agent, except that an agent may retain ~~one-half of the \$1~~ county fee to cover the agent's expenses involved in receiving, accepting or forwarding the applications and fees. The court administrators shall be responsible for the acts of agents appointed by them and for the forwarding to the department of all applications accepted and those fees collected by agents and by themselves as are required to be forwarded to the department.

Sec. 23. Minnesota Statutes 1992, section 171.07, is amended by adding a subdivision to read:

Subd. 9. [IMPROVED SECURITY.] The commissioner shall develop new drivers' licenses and identification cards, to be issued beginning January 1, 1994, that must be as impervious to alteration as is reasonably practicable in their design and quality of material and technology. The driver's license security laminate shall be made from materials not readily available to the general public. The design and technology employed must enable the driver's license and identification card to be subject to two or more methods of visual verification capable of clearly indicating the presence of tampering or counterfeiting. The driver's license and identification card must not be susceptible to reproduction by photocopying or simulation and must be highly resistant to data or photograph substitution and other tampering.

Sec. 24. Minnesota Statutes 1992, section 171.11, is amended to read:

171.11 [CHANGE OF DOMICILE OR NAME.]

When any person, after applying for or receiving a driver's license, shall change permanent domicile from the address named in such application or in the license issued to the person, or shall change a name by marriage or otherwise, such person shall, within 30 days thereafter, ~~make application apply~~ for a duplicate driver's license upon a form furnished by the department, ~~such and pay the required fee.~~ The application or duplicate license shall show both the licensee's old address and new address or the former name and new name as the case may be. Such application for a duplicate license, upon change of address or change of name, shall be accompanied by all certificates of driver's license then in the possession of the applicant together with the required fee.

Sec. 25. Minnesota Statutes 1992, section 171.12, is amended by adding a subdivision to read:

Subd. 8. [REQUESTS FOR INFORMATION; SURCHARGE ON FEE.] The commissioner shall impose a surcharge of 25 cents on each fee charged by the commissioner under section 13.03, subdivision 3, for copies or electronic transmittal of public information concerning driver's license and Minnesota identification card applicants. This surcharge only applies to a fee imposed in responding to a request made in person or by mail, or to a request for transmittal through a computer modem. The commissioner shall forward the surcharges collected under this subdivision to the commissioner of finance on a monthly basis. Upon receipt, the commissioner of finance shall credit the surcharges to the general fund.

Sec. 26. Minnesota Statutes 1992, section 171.22, subdivision 1, is amended to read:

Subdivision 1. [VIOLATIONS.] With regard to any driver's license, including a commercial driver's license, it shall be unlawful for any person:

- (1) to display, cause or permit to be displayed, or have in possession, any:
 - (i) canceled, revoked, or suspended driver's license;
 - (ii) driver's license for which the person has been disqualified; or
 - (iii) fictitious or fraudulently altered driver's license or Minnesota identification card;
- (2) to lend the person's driver's license or Minnesota identification card to any other person or knowingly permit the use thereof by another;
- (3) to display or represent as one's own any driver's license or Minnesota identification card not issued to that person;
- ~~(4) to fail or refuse to surrender to the department, upon its lawful demand, any driver's license or Minnesota identification card which has been suspended, revoked, canceled, or for which the holder has been disqualified;~~
- ~~(5) to use a fictitious name or date of birth to any police officer or in any application for a driver's license or Minnesota identification card, or to knowingly make a false statement, or to knowingly conceal a material fact, or otherwise commit a fraud in any such application;~~
- ~~(6) (5) to alter any driver's license or Minnesota identification card;~~
- ~~(7) (6) to take any part of the driver's license examination for another or to permit another to take the examination for that person;~~
- ~~(8) (7) to make a counterfeit driver's license or Minnesota identification card; or~~
- ~~(9) (8) to use the name and date of birth of another person to any police officer for the purpose of falsely identifying oneself to the police officer.~~

Sec. 27. Minnesota Statutes 1992, section 171.26, is amended to read:

171.26 [MONEY CREDITED TO FUNDS.]

All money received under the provisions of this chapter shall ~~must~~ be paid into the state treasury with 90 percent of such money and credited to the trunk highway fund, and ~~ten percent credited to the general fund,~~ except as provided in sections 171.06, subdivision 2a; 171.12, subdivision 8; and 171.29, subdivision 2, paragraph (b).

Sec. 28. Minnesota Statutes 1992, section 174.02, is amended by adding a subdivision to read:

Subd. 6. [AGREEMENTS.] To facilitate the implementation of intergovernmental efficiencies, effectiveness, and cooperation, and to promote and encourage economic and technological development in transportation matters within and between governmental and nongovernmental entities:

(a) The commissioner may enter into agreements with other governmental or nongovernmental entities for research and experimentation; for sharing facilities, equipment, staff, data, or other means of providing transportation-related services; or for other cooperative programs that promote efficiencies in providing governmental services or that further development of innovation in transportation for the benefit of the citizens of Minnesota.

(b) In addition to funds otherwise appropriated by the legislature, the commissioner may accept and spend funds received under any agreement authorized in paragraph (a) for the purposes set forth in that paragraph, subject to a report of receipts to the commissioner of finance at the end of each fiscal year and, if receipts from the agreements exceed \$100,000 in a fiscal year, the commissioner shall also notify the governor and the committee on finance of the senate and the committee on ways and means of the house of representatives.

(c) Funds received under this subdivision must be deposited in the special revenue fund and are appropriated to the commissioner for the purposes set forth in this subdivision.

Sec. 29. Minnesota Statutes 1992, section 241.021, subdivision 1, is amended to read:

Subdivision 1. [SUPERVISION OVER CORRECTIONAL INSTITUTIONS.] (1) The commissioner of corrections shall inspect and license all correctional facilities throughout the state, whether public or private, established and operated for the detention and confinement of persons detained or confined therein according to law except to the extent that they are inspected or licensed by other state regulating agencies. The commissioner shall promulgate pursuant to chapter 14, rules establishing minimum standards for these facilities with respect to their management, operation, physical condition, and the security, safety, health, treatment, and discipline of persons detained or confined therein. Commencing September 1, 1980, no individual, corporation, partnership, voluntary association, or other private organization legally responsible for the operation of a correctional facility may operate the facility unless licensed by the commissioner of corrections. The commissioner shall annually review the correctional facilities described in this subdivision, except as otherwise provided herein, to determine compliance with the minimum standards established pursuant to this subdivision. The commissioner shall grant a license to any facility found to conform to minimum standards or to any facility which, in the commissioner's judgment, is making satisfactory progress toward substantial conformity and the interests and well-being of the persons detained or confined therein are protected. The commissioner shall have access to the buildings, grounds, books, records, staff, and to persons detained or confined in these facilities. The commissioner may require the officers in charge of these facilities to furnish all information and statistics the commissioner deems necessary, at a time and place designated by the commissioner. The commissioner may require that any or all such information be provided through the department of corrections detention information system.

(2) Any state agency which regulates, inspects, or licenses certain aspects of correctional facilities shall, insofar as is possible, ensure that the minimum standards it requires are substantially the same as those required by other state agencies which regulate, inspect, or license the same aspects of similar types of correctional facilities, although at different correctional facilities.

(3) Nothing in this section shall be construed to limit the commissioner of corrections' authority to promulgate rules establishing standards of eligibility for counties to receive funds under sections 401.01 to 401.16, or to require counties to comply with operating standards the commissioner establishes as a condition precedent for counties to receive that funding.

(4) When the commissioner finds that any facility described in clause (1), except foster care facilities for delinquent children and youth as provided in subdivision 2, does not substantially conform to the minimum standards established by the commissioner and is not making satisfactory progress toward substantial conformance, the commissioner shall promptly notify the chief executive officer and the governing board of the facility of the deficiencies and order that they be remedied within a reasonable period of time. The commissioner may by written order restrict the use of any facility which does not substantially conform to minimum standards to prohibit the detention of any person therein for more than 72 hours at one time. When, after due notice and hearing, the commissioner finds that any facility described in this subdivision, except county jails and lockups as provided in sections 641.26, 642.10, and 642.11, does not conform to minimum standards, or is not making satisfactory progress toward substantial compliance therewith, the commissioner may issue an order revoking the license of that facility.

After revocation of its license, that facility shall not be used until its license is renewed. When the commissioner is satisfied that satisfactory progress towards substantial compliance with minimum standard is being made, the commissioner may, at the request of the appropriate officials of the affected facility supported by a written schedule for compliance, grant an extension of time for a period not to exceed one year.

(5) As used in this subdivision, "correctional facility" means any facility, including a group home, having a residential component, the primary purpose of which is to serve persons placed therein by a court, court services department, parole authority, or other correctional agency having dispositional power over persons charged with, convicted, or adjudicated to be guilty or delinquent.

Sec. 30. Minnesota Statutes 1992, section 296.02, subdivision 1a, is amended to read:

Subd. 1a. [~~EXCEPTIONS FOR TRANSIT AND ALTERNATIVE FUELS SYSTEMS EXEMPT.~~] The provisions of subdivision 1 do not apply to (1) gasoline purchased by a transit system receiving financial assistance under section 174.24 or 473.384, or (2) ~~sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.~~

Sec. 31. Minnesota Statutes 1992, section 296.025, subdivision 1a, is amended to read:

Subd. 1a. [~~EXCEPTIONS FOR TRANSIT AND ALTERNATIVE FUELS SYSTEMS EXEMPT.~~] The provisions of subdivision 1 do not apply to (1) special fuel purchased by a transit system receiving financial assistance under section 174.24 or 473.384, or (2) ~~sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.~~

Sec. 32. Minnesota Statutes 1992, section 299C.10, is amended to read:

299C.10 [IDENTIFICATION DATA.]

Subdivision 1. [LAW ENFORCEMENT DUTY.] It is hereby made the duty of the sheriffs of the respective counties and of the police officers in cities of the first, second, and third classes, under the direction of the chiefs of police in such cities, to take or cause to be taken immediately finger and thumb prints, photographs, and such other identification data as may be requested or required by the superintendent of the bureau; of all persons arrested for a felony, gross misdemeanor, of all juveniles committing felonies as distinguished from those committed by adult offenders, of all persons reasonably believed by the arresting officer to be fugitives from justice, of all persons in whose possession, when arrested, are found concealed firearms or other dangerous weapons, burglar tools or outfits, high-power explosives, or articles, machines, or appliances usable for an unlawful purpose and reasonably believed by the arresting officer to be intended for such purposes, and within 24 hours thereafter to forward such fingerprint records and other identification data on such forms and in such manner as may be prescribed by the superintendent of the bureau of criminal apprehension.

Subd. 2. [LAW ENFORCEMENT EDUCATION.] The sheriffs and police officers who take finger and thumb prints must obtain training in the proper methods of taking and transmitting finger prints under this section consistent with bureau requirements.

Subd. 3. [BUREAU DUTY.] The bureau must enter in the criminal records system finger and thumb prints within five working days after they are received under this section.

Sec. 33. [299C.65] [CRIMINAL AND JUVENILE JUSTICE INFORMATION POLICY GROUP.]

Subdivision 1. [ESTABLISHING GROUP.] The criminal and juvenile information policy group consists of the chair of the sentencing guidelines commission, the commissioner of corrections, the commissioner of public safety, and the state court administrator.

The policy group shall study and make recommendations to the governor, the supreme court, and the legislature on:

(1) a framework for integrated criminal justice information systems, including the development and maintenance of a community data model for state, county, and local criminal justice information;

(2) the responsibilities of each entity within the criminal and juvenile justice systems concerning the collection, maintenance, dissemination, and sharing of criminal justice information with one another;

(3) actions necessary to ensure that information maintained in the criminal justice information systems is accurate and up-to-date;

(4) the development of an information system containing criminal justice information on felony-level juvenile offenders that is part of the integrated criminal justice information system framework;

(5) the development of an information system containing criminal justice information on misdemeanor arrests, prosecutions, and convictions that is part of the integrated criminal justice information system framework;

(6) comprehensive training programs and requirements for all individuals in criminal justice agencies to ensure the quality and accuracy of information in those systems;

(7) continuing education requirements for individuals in criminal justice agencies who are responsible for the collection, maintenance, dissemination, and sharing of criminal justice data;

(8) a periodic audit process to ensure the quality and accuracy of information contained in the criminal justice information systems;

(9) the equipment, training, and funding needs of the state and local agencies that participate in the criminal justice information systems;

(10) the impact of integrated criminal justice information systems on individual privacy rights; and

(11) the impact of proposed legislation on the criminal justice system, including any fiscal impact, need for training, changes in information systems, and changes in processes.

Subd. 2. [REPORT.] The policy group shall file an annual report with the governor, supreme court, and legislature by December 1 of each even-numbered year.

The report must make recommendations concerning any legislative changes or appropriations that are needed to ensure that the criminal justice information systems operate accurately and efficiently. To assist them in developing their recommendations, the chair, the commissioners, and the administrator shall appoint a task force consisting of the members of the criminal and juvenile justice information policy group or their designees and the following additional members:

(1) the director of the office of strategic and long-range planning;

(2) two sheriffs recommended by the Minnesota sheriffs association;

(3) two police chiefs recommended by the Minnesota chiefs of police association;

(4) two county attorneys recommended by the Minnesota county attorneys association;

(5) two city attorneys recommended by the Minnesota league of cities;

(6) two public defenders appointed by the board of public defense;

(7) two district judges appointed by the conference of chief judges, one of whom is currently assigned to the juvenile court;

(8) two community corrections administrators recommended by the Minnesota association of counties, one of whom represents a community corrections act county;

(9) two probation officers;

(10) two public members, one of whom has been a victim of crime;

(11) two court administrators;

(12) two members of the house of representatives appointed by the speaker of the house; and

(13) two members of the senate appointed by the majority leader.

Subd. 3. [CONTINUING EDUCATION PROGRAM.] The criminal and juvenile information policy group shall explore the feasibility of developing and implementing a continuing education program for state, county, and local criminal justice information agencies. The policy group shall consult with representatives of public and private post-secondary institutions in determining the most effective manner in which the training shall be provided. The policy group shall include recommendations in the 1994 report to the legislature.

Subd. 4. [CRIMINAL CODE NUMBERING SCHEME.] The policy group shall study and make recommendations on a structured numbering scheme for the criminal code to facilitate identification of the offense and the elements of the crime and shall include recommendations in the 1994 report to the legislature.

Sec. 34. [REPEALER.]

Minnesota Statutes 1992, sections 171.20, subdivision 1; 296.01, subdivision 4; and 296.026 are repealed."

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; modifying funds; creating a justice information policy group; providing for regulation of certain activities and practices; increasing fees; amending Minnesota Statutes 1992, sections 11A.21, subdivision 1; 161.081; 161.39, by adding a subdivision; 168.345, by adding a subdivision; 169.121, subdivision 7; 169.123, subdivision 5a; 171.02, subdivision 1; 171.06, subdivisions 2 and 4; 171.07, by adding a subdivision; 171.11; 171.12, by adding a subdivision; 171.22, subdivision 1; 171.26; 174.02, by adding a subdivision; 241.021, subdivision 1; 296.02, subdivision 1a; 296.025, subdivision 1a; and 299C.10; Laws 1992, chapter 513, article 3, section 77; proposing coding for new law in Minnesota Statutes, chapter 299C; repealing Minnesota Statutes 1992, sections 171.20, subdivision 1; 296.01, subdivision 4; and 296.026."

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

House Conferees: JAMES I. RICE, CARLOS MARIANI, ANDY STEENSMA, JOHN J. SARNA AND BERNARD L. "BERNIE" LIEDER.

Senate Conferees: KEITH LANGSETH, PAULA E. HANSON, JIM VICKERMAN, STEVE DILLE AND CAROL FLYNN.

Rice moved that the report of the Conference Committee on H. F. No. 1709 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1709, 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; fixing and limiting accounts and fees; amending Minnesota Statutes 1992, sections 11A.21, subdivision 1; 161.081; 161.39, by adding a subdivision; 169.121, subdivision 7; 169.123, subdivision 5a; 171.02, subdivision 1; 171.06, subdivisions 2 and 4; 171.07, by adding a subdivision; 171.11; 171.22, subdivision 1; 174.02, by adding a subdivision; 296.02, subdivision 1a; 296.025, subdivision 1a; Laws 1992, chapter 513, article 3, section 77; proposing coding for new law in Minnesota Statutes, chapter 161; repealing Minnesota Statutes 1992, sections 171.20, subdivision 1; 296.01, subdivision 4; and 296.026.

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 89 yeas and 37 nays as follows:

Those who voted in the affirmative were:

- | | | | | | | |
|--------------|------------|---------|----------|-----------|-------------|---------------|
| Anderson, I. | Bergson | Clark | Evans | Holsten | Johnson, A. | Kinkel |
| Anderson, R. | Bertram | Dauner | Farrell | Huntley | Johnson, R. | Knickerbocker |
| Asch | Brown, C. | Dawkins | Garcia | Jacobs | Johnson, V. | Krueger |
| Battaglia | Brown, K. | Delmont | Greiling | Jaros | Kahn | Lasley |
| Bauerly | Carlson | Dempsey | Hasskamp | Jefferson | Kalis | Lieder |
| Beard | Carruthers | Dorn | Hausman | Jennings | Kelso | Lourey |

Luther	Mosel	Opatz	Pelowski	Rodosovich	Swenson	Weile
Mahon	Munger	Orenstein	Perlt	Rukavina	Tomassoni	Wenzel
Mariani	Murphy	Orfield	Peterson	Sekhon	Trimble	Winter
McCollum	Neary	Osthoff	Pugh	Simoneau	Turheim	Wolf
McGuire	Nelson	Ostrom	Reding	Skoglund	Vellenga	Spk. Long
Milbert	Olson, E.	Ozment	Rhodes	Solberg	Wagenius	
Morrison	Olson, K.	Pauly	Rice	Steensma	Wejcmán	

Those who voted in the negative were:

Abrams	Dehler	Haukoos	Lindner	Ornen	Tompkins	Workman
Bettermann	Erhardt	Hugoson	Lynch	Pawlenty	Van Dellen	
Bishop	Girard	Kinzing	Macklin	Seagren	Vickerman	
Blatz	Goodno	Koppendrayner	Molnau	Smith	Waltman	
Commers	Gruenes	Krinkie	Ness	Stanuis	Weaver	
Davids	Gutknecht	Limmer	Olson, M.	Sviggun	Worke	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 584

A bill for an act relating to utilities; regulating telephone services to communication-impaired persons; amending Minnesota Statutes 1992, sections 237.49; 237.50, subdivision 3; 237.51, subdivision 2; and 237.52, subdivision 2; repealing Laws 1987, chapter 308, section 8.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 584, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment and that H. F. No. 584 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 237.49, is amended to read:

237.49 [COMBINED LOCAL ACCESS SURCHARGE.]

Each local telephone company shall collect from each subscriber an amount ~~or amounts~~ per telephone access line representing the total of the surcharges required under sections 237.52, 237.70, and 403.11. Amounts collected must be remitted to the department of administration in the manner prescribed in section 403.11. The department of administration shall divide the amounts received proportional to the individual surcharges and deposit them in the appropriate accounts. A company or the billing agent for a company shall list the surcharges as one amount on a billing statement sent to a subscriber.

Sec. 2. Minnesota Statutes 1992, section 237.50, subdivision 3, is amended to read:

Subd. 3. [COMMUNICATION IMPAIRED.] "Communication impaired" means certified as deaf, severely hearing impaired, ~~hard of hearing~~ hard-of-hearing, speech impaired, ~~or deaf and blind,~~ or mobility impaired if the mobility impairment significantly impedes the ability to use standard customer premises equipment.

Sec. 3. Minnesota Statutes 1992, section 237.50, subdivision 4, is amended to read:

Subd. 4. [COMMUNICATION DEVICE.] "Communication device" means a device that when connected to a telephone enables a communication-impaired person to communicate with another person utilizing the telephone system. A "communication device" includes a ring signaler, an amplification device, a telephone device for the deaf ~~with any auxiliary equipment, a braille device for use with a telephone, and any other device~~ the board deems necessary, ~~and a telebraille unit.~~

Sec. 4. Minnesota Statutes 1992, section 237.50, is amended by adding a subdivision to read:

Subd. 4a. [DEAF.] "Deaf" means a hearing impairment of such severity that the individual must depend primarily upon visual communication such as writing, lip reading, manual communication, and gestures.

Sec. 5. Minnesota Statutes 1992, section 237.50, is amended by adding a subdivision to read:

Subd. 6a. [HARD-OF-HEARING.] "Hard-of-hearing" means a hearing impairment resulting in a functional loss, but not to the extent that the individual must depend primarily upon visual communication.

Sec. 6. Minnesota Statutes 1992, section 237.50, subdivision 11, is amended to read:

Subd. 11. [MESSAGE TELECOMMUNICATION RELAY SERVICE.] "Message Telecommunication relay service" means a central statewide service through which a communication-impaired person, using a communication device, may send and receive messages to and from a non-communication-impaired person whose telephone is not equipped with a communication device and through which a non-communication-impaired person may, by using voice communication, send and receive messages to and from a communication-impaired person.

Sec. 7. Minnesota Statutes 1992, section 237.51, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The telecommunication access for communication-impaired persons board is established to establish and administer a program to distribute communication devices to eligible communication-impaired persons and to create and maintain a ~~message telecommunication~~ relay service.

Sec. 8. Minnesota Statutes 1992, section 237.51, subdivision 2, is amended to read:

Subd. 2. [MEMBERS.] The board consists of 12 persons to include:

- (1) ~~the commissioner of the department of human services or the commissioner's designee;~~
- (2) the commissioner of the department of administration or the commissioner's designee;
- (3) ~~five~~ (2) seven communication-impaired persons appointed by the governor at least three of whom reside outside a metropolitan county, as defined in section 473.121, subdivision 4, at the time of appointment, at least four of whom are deaf, one of whom is speech impaired, one of whom is mobility impaired, and one of whom is hard-of-hearing;
- (4) (3) one person appointed by the governor who is a professional in the area of communications disabilities;
- (5) (4) one person appointed by the governor to represent the telephone company providing local exchange service to the largest number of persons;
- (6) (5) one member of the Minnesota Telephone Association appointed by the governor to represent other affected telephone companies; and
- (7) (6) one person appointed by the governor to represent companies providing inter-LATA interexchange telephone service; ~~and~~
- (8) ~~one person to represent the organization operating the message relay service to be appointed by the governor at the time the board contracts with the organization pursuant to section 237.54 if the company with whom the person is employed does not have a contract to operate a telecommunication relay service under section 237.54 and agrees not to enter such a contract for at least one year after the person leaves the board.~~

Sec. 9. Minnesota Statutes 1992, section 237.51, subdivision 4, is amended to read:

Subd. 4. [MEETINGS.] The board shall meet at least ~~monthly until December 31, 1988, and at least quarterly thereafter~~ annually.

Sec. 10. Minnesota Statutes 1992, section 237.51, subdivision 5, is amended to read:

Subd. 5. [DUTIES.] In addition to any duties specified elsewhere in sections 237.51 to 237.56, the board shall:

(1) define economic hardship, special needs, and household criteria so as to determine the priority of eligible applicants for initial distribution of devices and to determine circumstances necessitating provision of more than one communication device per household;

(2) establish a method to verify eligibility requirements;

(3) establish specifications for communication devices to be purchased under section 237.53, subdivision 3;

(4) enter contracts for the establishment and operation of the ~~message~~ telecommunication relay service pursuant to section 237.54;

(5) inform the public and specifically the community of communication-impaired persons of the program;

(6) prepare the reports required by section 237.55;

(7) administer the fund created in section 237.52;

(8) reestablish and fill the position of program administrator whose position is in the unclassified service and establish and fill other positions in the classified service required to conduct the business of the board;

(9) adopt rules, including emergency rules, under chapter 14 to implement the provisions of sections 237.50 to 237.56; and

(10) ~~study the potential economic impact of the program on local communication device retailers and dispensers.~~ notwithstanding any provision of chapter 16B, ~~the board shall~~ develop guidelines for the purchase of some communication devices from local retailers and dispensers if the study board determines that otherwise they will be economically harmed by implementation of sections 237.50 to 237.56.

Sec. 11. Minnesota Statutes 1992, section 237.51, subdivision 6, is amended to read:

Subd. 6. [ADMINISTRATIVE SUPPORT.] The commissioner of the department of administration shall provide staff assistance not including the program administrator and other board staff who is are to be chosen by the board, administrative services, and office space under a contract with the board. The board shall reimburse the commissioner for services, staff, and space provided. The board may request necessary information from the supervising officer of any state agency.

Sec. 12. Minnesota Statutes 1992, section 237.52, subdivision 2, is amended to read:

Subd. 2. [ASSESSMENT.] The board shall annually recommend to the commission an adequate and appropriate mechanism to implement sections 237.50 to 237.56. The public utilities commission shall review the board's budget for reasonableness and may modify the budget to the extent it is unreasonable. The commission shall annually determine the funding mechanism to be used within 60 days of receipt of the recommendation of the program administrator and shall order the imposition of surcharges effective on the earliest practicable date. The commission shall establish a monthly charge no greater than ~~ten~~ 20 cents for each customer access line, including trunk equivalents as designated by the commission pursuant to section 403.11, subdivision 1.

Sec. 13. Minnesota Statutes 1992, section 237.52, subdivision 5, is amended to read:

Subd. 5. [EXPENDITURES.] Money in the fund may only be used for:

(1) expenses of the board, including personnel cost, public relations, board members' expenses, preparation of reports, and other reasonable expenses not to exceed 20 percent of total program expenditures;

(2) reimbursing the commissioner of human services for purchases made or services provided pursuant to section 237.53;

(3) reimbursing telephone companies for purchases made or services provided under section 237.53, subdivision 5; and

(4) contracting for establishment and operation of the ~~message~~ telecommunication relay service required by section 237.54.

All costs directly associated with the establishment of the board and program, the purchase and distribution of communication devices, and the establishment and operation of the ~~message~~ telecommunication relay service are either reimbursable or directly payable from the fund after authorization by the board. Notwithstanding section 16A.41, the board may advance money to the contractor of the ~~message~~ telecommunication relay service if the contractor establishes to the board's satisfaction that the advance payment is necessary for the operation of the service. The advance payment may be used only for working capital reserve for the operation of the service. The advance payment must be offset or repaid by the end of the contract fiscal year together with interest accrued from the date of payment.

Sec. 14. Minnesota Statutes 1992, section 237.54, is amended to read:

237.54 [MESSAGE TELECOMMUNICATION RELAY SERVICE.]

Subdivision 1. [ESTABLISHMENT.] The board shall contract with an inter-LATA interexchange telephone service provider to establish a third-party ~~message~~ telecommunication relay service with an "800" number to enable telecommunication between communication-impaired persons and non-communication-impaired persons.

Subd. 2. [OPERATION.] The board shall contract with a local consumer organization that serves communication-impaired persons for operation of the ~~message~~ telecommunication relay system. The board shall contract with a local consumer organization that serves communication-impaired persons for operation of the ~~message telecommunication relay system. The board may contract with other than a local consumer organization if the board finds by at least a two-thirds majority vote that no local consumer organization is available to enter into or perform a reasonable contract to operate a telecommunications relay system.~~ The operator of the system shall keep all messages confidential, shall train personnel in the unique needs of communication-impaired people, and shall inform communication-impaired persons and the public of the availability and use of the system. The operator shall not relay a message unless it originates or terminates through a communication device for the deaf or a ~~teletype~~ teletype device ~~braille device for use with a telephone.~~

Sec. 15. Minnesota Statutes 1992, section 237.55, is amended to read:

237.55 [REPORTS; PLANS.]

~~The board shall prepare a report for presentation to the commission not later than December 31, 1987, to include plans for distributing communication devices and establishing a third party message relay service and a recommendation for a funding mechanism pursuant to section 237.52, subdivision 2. The provision of service required under sections 237.50 to 237.56 may begin when the plan is approved by the commission or March 1, 1988, whichever is earlier.~~

~~Beginning in 1988,~~ The board must prepare a report for presentation to the commission by December January 31 of each year ~~through the year 1992.~~ Each report must review the accessibility of the telephone system to communication-impaired persons, review the ability of non-communication-impaired persons to communicate with communication-impaired persons via the telephone system, describe services provided, account for money received and disbursed annually for each aspect of the program to date, and include predicted future operation ~~until the final report.~~

~~The final report must, in detail, describe program operation and make recommendations for the funding and service level for necessary ongoing services. The commission may recommend changes in the program to the legislature throughout its operation and shall make a recommendation to the legislature by February 1, 1993, for the future provision and maintenance of the services.~~

Sec. 16. Minnesota Statutes 1992, section 595.02, subdivision 1, is amended to read:

Subdivision 1. [COMPETENCY OF WITNESSES.] Every person of sufficient understanding, including a party, may testify in any action or proceeding, civil or criminal, in court or before any person who has authority to receive evidence, except as provided in this subdivision:

(a) A husband cannot be examined for or against his wife without her consent, nor a wife for or against her husband without his consent, nor can either, during the marriage or afterwards, without the consent of the other, be examined as to any communication made by one to the other during the marriage. This exception does not apply to a civil action or proceeding by one against the other, nor to a criminal action or proceeding for a crime committed by one against the other or against a child of either or against a child under the care of either spouse, nor to a criminal action or proceeding in which one is charged with homicide or an attempt to commit homicide and the date of the marriage of the defendant is subsequent to the date of the offense, nor to an action or proceeding for nonsupport, neglect, dependency, or termination of parental rights.

(b) An attorney cannot, without the consent of the attorney's client, be examined as to any communication made by the client to the attorney or the attorney's advice given thereon in the course of professional duty; nor can any employee of the attorney be examined as to the communication or advice, without the client's consent.

(c) A member of the clergy or other minister of any religion shall not, without the consent of the party making the confession, be allowed to disclose a confession made to the member of the clergy or other minister in a professional character, in the course of discipline enjoined by the rules or practice of the religious body to which the member of the clergy or other minister belongs; nor shall a member of the clergy or other minister of any religion be examined as to any communication made to the member of the clergy or other minister by any person seeking religious or spiritual advice, aid, or comfort or advice given thereon in the course of the member of the clergy's or other minister's professional character, without the consent of the person.

(d) A licensed physician or surgeon, dentist, or chiropractor shall not, without the consent of the patient, be allowed to disclose any information or any opinion based thereon which the professional acquired in attending the patient in a professional capacity, and which was necessary to enable the professional to act in that capacity; after the decease of the patient, in an action to recover insurance benefits, where the insurance has been in existence two years or more, the beneficiaries shall be deemed to be the personal representatives of the deceased person for the purpose of waiving this privilege, and no oral or written waiver of the privilege shall have any binding force or effect except when made upon the trial or examination where the evidence is offered or received.

(e) A public officer shall not be allowed to disclose communications made to the officer in official confidence when the public interest would suffer by the disclosure.

(f) Persons of unsound mind and persons intoxicated at the time of their production for examination are not competent witnesses if they lack capacity to remember or to relate truthfully facts respecting which they are examined.

(g) A registered nurse, psychologist or consulting psychologist shall not, without the consent of the professional's client, be allowed to disclose any information or opinion based thereon which the professional has acquired in attending the client in a professional capacity, and which was necessary to enable the professional to act in that capacity.

(h) An interpreter for a person handicapped in communication shall not, without the consent of the person, be allowed to disclose any communication if the communication would, if the interpreter were not present, be privileged. For purposes of this section, a "person handicapped in communication" means a person who, because of a hearing, speech or other communication disorder, or because of the inability to speak or comprehend the English language, is unable to understand the proceedings in which the person is required to participate. The presence of an interpreter as an aid to communication does not destroy an otherwise existing privilege.

(i) Licensed chemical dependency counselors shall not disclose information or an opinion based on the information which they acquire from persons consulting them in their professional capacities, and which was necessary to enable them to act in that capacity, except that they may do so:

(1) when informed consent has been obtained in writing, except in those circumstances in which not to do so would violate the law or would result in clear and imminent danger to the client or others;

(2) when the communications reveal the contemplation or ongoing commission of a crime; or

(3) when the consulting person waives the privilege by bringing suit or filing charges against the licensed professional whom that person consulted.

(j) A parent or the parent's minor child may not be examined as to any communication made in confidence by the minor to the minor's parent. A communication is confidential if made out of the presence of persons not members of the child's immediate family living in the same household. This exception may be waived by express consent to disclosure by a parent entitled to claim the privilege or by the child who made the communication or by failure of the child or parent to object when the contents of a communication are demanded. This exception does not apply to a civil action or proceeding by one spouse against the other or by a parent or child against the other, nor to a proceeding to commit either the child or parent to whom the communication was made or to place the person or property or either under the control of another because of an alleged mental or physical condition, nor to a criminal action or proceeding in which the parent is charged with a crime committed against the person or property of the communicating child, the parent's spouse, or a child of either the parent or the parent's spouse, or in which a child is charged with a crime or act of delinquency committed against the person or property of a parent or a child of a parent, nor to an action or proceeding for termination of parental rights, nor any other action or proceeding on a petition alleging child abuse, child neglect, abandonment or nonsupport by a parent.

(k) Sexual assault counselors may not be compelled to testify about any opinion or information received from or about the victim without the consent of the victim. However, a counselor may be compelled to identify or disclose information in investigations or proceedings related to neglect or termination of parental rights if the court determines good cause exists. In determining whether to compel disclosure, the court shall weigh the public interest and need for disclosure against the effect on the victim, the treatment relationship, and the treatment services if disclosure occurs. Nothing in this clause exempts sexual assault counselors from compliance with the provisions of sections 626.556 and 626.557.

"Sexual assault counselor" for the purpose of this section means a person who has undergone at least 40 hours of crisis counseling training and works under the direction of a supervisor in a crisis center, whose primary purpose is to render advice, counseling, or assistance to victims of sexual assault.

(l) A person cannot be examined as to any communication or document, including worknotes, made or used in the course of or because of mediation pursuant to an agreement to mediate. This does not apply to the parties in the dispute in an application to a court by a party to have a mediated settlement agreement set aside or reformed. A communication or document otherwise not privileged does not become privileged because of this paragraph. This paragraph is not intended to limit the privilege accorded to communication during mediation by the common law.

(m) A child under ten years of age is a competent witness unless the court finds that the child lacks the capacity to remember or to relate truthfully facts respecting which the child is examined. A child describing any act or event may use language appropriate for a child of that age.

(n) A communication assistant for a telecommunications relay system for communication-impaired persons shall not, without the consent of the person making the communication, be allowed to disclose communications made to the communication assistant for the purpose of relaying.

Sec. 17. Laws 1987, chapter 308, section 8, is amended to read:

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective July 1, 1987, ~~and are repealed effective June 30, 1993.~~

Sec. 18. [REPORT BY TACIP BOARD.]

The telecommunication access for communication-impaired persons board shall report to the legislature by February 1, 1994, on the reasonableness of charging for toll calls made through the telecommunication relay service. The report shall include the economic and policy factors considered by the board.

Sec. 19. [PUBLIC UTILITIES COMMISSION TRANSITIONAL AUTHORITY.]

The public utilities commission is authorized to do all things necessary to ensure that a surcharge increase authorized by section 11 is implemented by July 1, 1993.

Sec. 20. [TELEPHONE SERVICE FOR THE BLIND.]

The department of public service shall study the feasibility of providing free directory and operator services to blind individuals. The study shall analyze the cost to rate payers if the cost of the free services is included as part of the rate for local service by a telephone company.

Sec. 21. [EFFECTIVE DATE.]

Sections 2 to 7, 9 to 13, 15, and 18 are effective July 1, 1993. Sections 8, 14, 17, and 19 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to utilities; regulating telephone services to communication-impaired persons; requiring studies and reports; amending Minnesota Statutes 1992, sections 237.49; 237.50, subdivisions 3, 4, 11, and by adding subdivisions; 237.51, subdivisions 1, 2, 4, 5, and 6; 237.52, subdivisions 2 and 5; 237.54; 237.55; and 595.02, subdivision 1; Laws 1987, chapter 308, section 8."

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

House Conferees: LOREN JENNINGS, TERESA LYNCH AND THOMAS PUGH.

Senate Conferees: JANET B. JOHNSON, JOHN MARTY AND DENNIS R. FREDERICKSON.

Jennings moved that the report of the Conference Committee on H. F. No. 584 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 584, A bill for an act relating to utilities; regulating telephone services to communication-impaired persons; amending Minnesota Statutes 1992, sections 237.49; 237.50, subdivision 3; 237.51, subdivision 2; and 237.52, subdivision 2; repealing Laws 1987, chapter 308, section 8.

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 124 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dehler Waltman

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 574

A bill for an act relating to retirement; administrative changes, age discrimination act compliance, death-while-active surviving spouse benefit improvements by the Minnesota state retirement system, the public employees retirement association, and teachers retirement association; amending Minnesota Statutes 1992, sections 3A.02, subdivision 1, and by adding a subdivision; 352.01, subdivisions 2b, and by adding a subdivision; 352.03, subdivisions 4, 4a, and 6; 352.04, subdivision 9; 352.113, subdivisions 2, 4, and 7; 352.115, subdivision 8; 352.12, subdivisions 1, 2, 3, 4, 7, 10, and 13; 352.15, subdivision 1a, and by adding subdivisions; 352.22, subdivisions 1 and 2; 352.23; 352.85, subdivision 4; 352.93, subdivision 2a; 352.94; 352.95, subdivisions 1, 2, 3, and 5; 352.951; 352.96, subdivisions 3 and 4; 352B.01, subdivisions 3 and 11; 352B.08, subdivisions 1 and 2a; 352B.10, subdivisions 1, 2, and 5; 352B.101; 352B.105; 352B.11, subdivision 2; 352C.01; 352C.021; 352C.031; 352C.033; 352C.04; 352C.051; 352C.09; 352D.015, subdivision 4; 352D.02, subdivision 3, and by adding a subdivision; 352D.04, subdivision 1; 352D.05, subdivisions 1, 3, and 4; 352D.09, subdivision 5, and by adding subdivisions; 353.01, subdivisions 2, 2a, 2b, 6, 7, 10, 11a, 12, 16, 28, 31, 32, and by adding subdivisions; 353.017; 353.27, subdivision 7; 353.29, subdivision 1; 353.32, subdivision 1a; 353.33, subdivisions 1, 2, 3, 4, 6, 8, 11, and by adding a subdivision; 353.34, subdivisions 1 and 3; 353.35; 353.37; 353.64, subdivisions 1 and 5a; 353.656, subdivisions 1, 1a, 3, 5, and by adding subdivisions; 353A.08, subdivisions 1, 3, and 5; 353A.10, subdivision 4; 353B.11, subdivision 6; 353C.08, subdivisions 1 and 2; 353D.02; 353D.04; 353D.05, subdivision 3; 353D.07, subdivision 2; 354.35; 354.46, subdivisions 1 and 2; 354.48, subdivisions 3 and 10; 356.302, subdivisions 4 and 6; 356.453; 356.61; and 490.124, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapter 3A; repealing Minnesota Statutes 1992, sections 3A.06; 352.01, subdivision 7; 352.12, subdivision 5; 352.22, subdivision 9; 352.73; 352B.01, subdivision 2a; 352B.131; 352B.14; 352B.261; 352B.262; 352B.28; 352D.05, subdivision 5; and 353.656, subdivision 6.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 574, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments

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

House Conferees: LEO J. REDING, PHYLLIS KAHN, JERRY KNICKERBOCKER, MINDY GREILING AND BOB JOHNSON.

Senate Conferees: LEROY A. STUMPF, PHIL J. RIVENESS, ROY W. TERWILLIGER, STEVEN MORSE AND CAL LARSON.

Reding moved that the report of the Conference Committee on H. F. No. 574 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 574, A bill for an act relating to retirement; administrative changes, age discrimination act compliance, death-while-active surviving spouse benefit improvements by the Minnesota state retirement system, the public employees retirement association, and teachers retirement association; amending Minnesota Statutes 1992, sections 3A.02, subdivision 1, and by adding a subdivision; 352.01, subdivisions 2b, and by adding a subdivision; 352.03, subdivisions 4, 4a, and 6; 352.04, subdivision 9; 352.113, subdivisions 2, 4, and 7; 352.115, subdivision 8; 352.12, subdivisions 1, 2, 3, 4, 7, 10, and 13; 352.15, subdivision 1a, and by adding subdivisions; 352.22, subdivisions 1

and 2; 352.23; 352.85, subdivision 4; 352.93, subdivision 2a; 352.94; 352.95, subdivisions 1, 2, 3, and 5; 352.951; 352.96, subdivisions 3 and 4; 352B.01, subdivisions 3 and 11; 352B.08, subdivisions 1 and 2a; 352B.10, subdivisions 1, 2, and 5; 352B.101; 352B.105; 352B.11, subdivision 2; 352C.01; 352C.021; 352C.031; 352C.033; 352C.04; 352C.051; 352C.09; 352D.015, subdivision 4; 352D.02, subdivision 3, and by adding a subdivision; 352D.04, subdivision 1; 352D.05, subdivisions 1, 3, and 4; 352D.09, subdivision 5, and by adding subdivisions; 353.01, subdivisions 2, 2a, 2b, 6, 7, 10, 11a, 12, 16, 28, 31, 32, and by adding subdivisions; 353.017; 353.27, subdivision 7; 353.29, subdivision 1; 353.32, subdivision 1a; 353.33, subdivisions 1, 2, 3, 4, 6, 8, 11, and by adding a subdivision; 353.34, subdivisions 1 and 3; 353.35; 353.37; 353.64, subdivisions 1 and 5a; 353.656, subdivisions 1, 1a, 3, 5, and by adding subdivisions; 353A.08, subdivisions 1, 3, and 5; 353A.10, subdivision 4; 353B.11, subdivision 6; 353C.08, subdivisions 1 and 2; 353D.02; 353D.04; 353D.05, subdivision 3; 353D.07, subdivision 2; 354.35; 354.46, subdivisions 1 and 2; 354.48, subdivisions 3 and 10; 356.302, subdivisions 4 and 6; 356.453; 356.61; and 490.124, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapter 3A; repealing Minnesota Statutes 1992, sections 3A.06; 352.01, subdivision 7; 352.12, subdivision 5; 352.22, subdivision 9; 352.73; 352B.01, subdivision 2a; 352B.131; 352B.14; 352B.261; 352B.262; 352B.28; 352D.05, subdivision 5; and 353.656, subdivision 6.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1114

A bill for an act relating to game and fish; stamp design; training of hunting dogs; clothing requirements; raccoon season; rough fish taking by nonresidents; muskie size limits; taking of mussels; advance of matching funds; financing waterfowl development; defining "undressed bird"; regulating the taking of deer; regulating seasons on muskrat, mink, otter, and beaver; required license to take and condition of fish brought into the state from Canada; authorizing suspension of requirements upon action by Canadian authorities; amending Minnesota Statutes 1992, sections 84.085, by adding a subdivision; 97A.015, subdivision 49, and by adding a subdivision; 97A.045, subdivision 7; 97A.091, subdivision 2; 97A.531; 97B.005, subdivisions 2 and 3; 97B.041; 97B.071; 97B.621, subdivision 1; 97B.911; 97B.915; 97B.921; 97B.925; 97C.375; 97C.405; and 97C.701, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 97A; repealing Minnesota Statutes 1992, sections 97A.541; 97C.701, subdivisions 3, 4, and 5; 97C.705; and 97C.711.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1114, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1114 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [84.085] [ADVANCE OF MATCHING FUNDS.]

The commissioner may advance funds appropriated for fish and wildlife programs to government agencies, the National Fish and Wildlife Foundation, federally recognized Indian tribes and bands, and private, nonprofit organizations for the purposes of securing nonstate matching funds for projects involving acquisition and improvement of fish and wildlife habitat and related research and management. The commissioner shall execute agreements for contracts with the matching parties under section 16B.06 prior to advancing any state funds. The agreement or contract shall contain provisions for return of the state's share and the matching funds within a period of time specified by the commissioner. The state's funds and the nonstate matching funds must be deposited in a separate account and expended solely for the purposes set forth in the agreement or contract. The commissioner shall enter into agreements or contracts only with the National Fish and Wildlife Foundation and federal and nonprofit authorities deemed by the commissioner to be dedicated to the purposes of the project.

Sec. 2. Minnesota Statutes 1992, section 86B.305, subdivision 1, is amended to read:

Subdivision 1. [UNDER AGE 13.] Except in case of an emergency, a person under age 13 may not operate or be allowed to operate a watercraft propelled by a motor with a factory rating of more than 24 30 horsepower unless there is present in the watercraft, in addition to the operator, the operator's parent or legal guardian or at least one person of the age 18 or older.

Sec. 3. Minnesota Statutes 1992, section 86B.305, subdivision 2, is amended to read:

Subd. 2. [AGE 13 TO 17; PERMIT REQUIRED.] Except as provided in this subdivision, a person age 13 or older and younger than age 18 may not operate a motorboat powered by a motor over 24 30 horsepower without possessing a valid watercraft operator's permit from this state or from the operator's state of residence unless there is a person age 18 or older in the motorboat.

Sec. 4. Minnesota Statutes 1992, section 97A.015, is amended by adding a subdivision to read:

Subd. 26a. [IN-THE-ROUND.] "In-the-round" means fish with heads, tails, fins, skins, and scales intact.

Sec. 5. Minnesota Statutes 1992, section 97A.015, subdivision 49, is amended to read:

Subd. 49. [UNDRESSED BIRD.] "Undressed bird" means:

(1) a bird, excluding migratory waterfowl, pheasant, Hungarian partridge, or grouse, with feet and feathered head intact; or

(2) a migratory waterfowl with a fully feathered wing and head attached; or

(3) a pheasant, Hungarian partridge, or grouse with one leg and foot or the fully feathered head or wing intact.

Sec. 6. Minnesota Statutes 1992, section 97A.045, subdivision 7, is amended to read:

Subd. 7. [DUTY TO ENCOURAGE STAMP DESIGN AND PURCHASES.] (a) The commissioner shall encourage the purchase of:

(1) Minnesota migratory waterfowl stamps by nonhunters interested in the migratory waterfowl preservation and habitat development;

(2) pheasant stamps by persons interested in pheasant habitat improvement; and

(3) trout and salmon stamps by persons interested in trout and salmon stream and lake improvement.

(b) The commissioner shall make rules governing contests for selecting a design for each stamp.

Sec. 7. [97A.127] [FINANCING WATERFOWL DEVELOPMENT.]

The commissioner may use funds appropriated for fish and wildlife programs for the purpose of developing, preserving, restoring, and maintaining waterfowl breeding grounds in Canada under agreement or contract with any nonprofit organization dedicated to the construction, maintenance, and repair of projects that are acceptable to the governmental agency having jurisdiction over the land and water affected by the projects. The commissioner may execute agreements and contracts if the commissioner determines that use of the funds will benefit the migration of waterfowl into the state.

Sec. 8. Minnesota Statutes 1992, section 97A.531, is amended to read:

97A.531 [SHIPMENT OF WILD ANIMALS TAKEN IN CANADA.]

Subdivision 1. [SHIPPING COUPONS.] A person may ship, within or out of the state, wild animals lawfully taken and possessed in Canada and that have lawfully entered the state. The shipment must have the shipping coupons required for a shipment originating in the province where the animals were taken.

Subd. 2. [CONDITION OF FISH.] Fish that are lawfully taken and possessed in Canada may ~~must~~ be brought into the state for filleting and packing and in-the-round. A violation of this subdivision is a misdemeanor, and in addition to any criminal penalty imposed, fish brought into or transported within the state contrary to this subdivision must be confiscated, and a penalty of \$10 for each fish must be imposed.

Subd. 3. [TRANSPORTATION.] Fish lawfully taken in Canada may be transported within the state or out of the state by a nonresident, and by a resident possessing a Minnesota angling license.

Subd. 4. [NOTICE.] Any advertisement of fishing resorts or facilities in Canada in printed or broadcast form originating or distributed within the state must contain a summary of the requirement of subdivision 2, and penalty for noncompliance.

Subd. 5. [CONDITIONS SUSPENDED.] The commissioner of natural resources may suspend the requirements of subdivisions 2, 3, and 4 whenever Canadian laws or regulations imposing certain fees known as DAVT, or the "daily angling validation tag" are repealed, rescinded, or modified.

Sec. 9. Minnesota Statutes 1992, section 97B.005, subdivision 2, is amended to read:

Subd. 2. [RESTRICTION ON AMMUNITION WHILE TRAINING.] A person ~~that is~~ training a dog afield and carrying a firearm may only have blank cartridges and shells in personal possession when the season is not open for any game bird, except as provided in subdivision 3.

Sec. 10. Minnesota Statutes 1992, section 97B.005, subdivision 3, is amended to read:

Subd. 3. [PERMITS FOR ORGANIZATIONS AND INDIVIDUALS TO USE GAME BIRDS AND FIREARMS.] The commissioner may issue special permits, without a fee, to organizations and individuals to use firearms and live ammunition on domesticated birds or banded game birds from game farms for holding field trials and training retrieving hunting dogs.

Sec. 11. Minnesota Statutes 1992, section 97B.041, is amended to read:

97B.041 [POSSESSION OF FIREARMS AND AMMUNITION RESTRICTED IN DEER ZONES.]

A person may not possess a firearm or ammunition outdoors during the period beginning the ~~tenth~~ fifth day before the open firearms season and ending the second day after the close of the season within an area where deer may be taken by a firearm, except:

(1) during the open season and in an area where big game may be taken, a firearm and ammunition authorized for taking big game in that area may be used to take big game in that area if the person has a valid big game license in possession;

(2) an unloaded firearm that is in a case or in a closed trunk of a motor vehicle;

(3) a shotgun and shells containing No. 4 buckshot or smaller diameter lead shot or steel shot;

(4) a handgun or rifle and only short, long, and long rifle cartridges that are caliber of .22 inches;

(5) handguns possessed by a person authorized to carry a handgun under sections 624.714 and 624.715 for the purpose authorized; and

(6) on a target range operated under a permit from the commissioner.

Sec. 12. Minnesota Statutes 1992, section 97B.045, is amended to read:

97B.045 [TRANSPORTATION OF FIREARMS.]

Subdivision 1. [RESTRICTIONS.] A person may not transport a firearm in a motor vehicle unless the firearm is:

(1) unloaded and in a gun case expressly made to contain a firearm, and the case fully encloses the firearm by being zipped, snapped, buckled, tied, or otherwise fastened, and without any portion of the firearm exposed;

(2) unloaded and in the closed trunk of a motor vehicle; or

(3) a handgun carried in compliance with sections 624.714 and 624.715.

Subd. 2. [EXCEPTION FOR DISABLED PERSONS.] The restrictions in subdivision 1 do not apply to a disabled person if:

(1) the person possesses a permit under section 97B.055, subdivision 3;

(2) the person is participating in a hunt sponsored by a nonprofit organization under a permit from the commissioner or is hunting on property owned or leased by the person; and

(3) the firearm is not loaded in the chamber until the vehicle is stationary, or is a hinge action firearm with the action open until the vehicle is stationary.

Sec. 13. Minnesota Statutes 1992, section 97B.071, is amended to read:

97B.071 [RED OR BLAZE ORANGE REQUIREMENTS.]

A person may not hunt or trap during the open season in a zone or area where deer may be taken by firearms, unless the visible portion of the person's cap and outer clothing above the waist, excluding sleeves and gloves, is bright red or blaze orange. Blaze orange includes a camouflage pattern of at least 50 percent blaze orange within each foot square. This section does not apply to migratory waterfowl hunters on waters of this state or in a stationary shooting location.

Sec. 14. Minnesota Statutes 1992, section 97B.111, is amended to read:

97B.111 [SPECIAL FIREARM HUNTING SEASONS FOR PHYSICALLY DISABLED.]

Subdivision 1. [ESTABLISHMENT; REQUIREMENTS.] The commissioner may establish criteria, special seasons, and limits for persons who have a physical disability to take big game and small game with firearms and by archery in designated areas. A person hunting under this section who has a physical disability must have a verified statement of the disability by a licensed physician and must be participating in a program for physically disabled hunters sponsored by a nonprofit organization that is permitted under subdivision 2. A license is not required for a person to assist a physically disabled person hunting during a special season under this section.

Subd. 2. [PERMIT FOR ORGANIZATION.] (a) The commissioner may issue a special permit without a fee to a nonprofit organization to provide an assisted hunting opportunity to physically disabled hunters. The assisted hunting opportunity may take place:

(1) in areas designated by the commissioner under subdivision 1; or

(2) on private property or a licensed shooting preserve.

(b) The sponsoring organization shall provide a physically capable person to assist each disabled hunter with safety-related aspects of hunting.

(c) The commissioner may impose reasonable permit conditions.

Sec. 15. Minnesota Statutes 1992, section 97B.211, subdivision 1, is amended to read:

Subdivision 1. [POSSESSION OF FIREARMS PROHIBITED.](a) Except as provided in paragraph (b), a person may not take big game by archery while in possession of a firearm.

(b) A person may take bear by archery while in possession of a handgun specified in section 97B.031, subdivision 1.

Sec. 16. Minnesota Statutes 1992, section 97B.301, subdivision 4, is amended to read:

Subd. 4. [TAKING ~~TWO~~ MORE THAN ONE DEER.] The commissioner may, by rule, allow a person to take ~~two more than one~~ deer. The commissioner shall prescribe the conditions for taking the ~~second~~ additional deer including:

(1) taking by firearm or archery;

(2) obtaining ~~an~~ additional ~~license~~ licenses; and

(3) payment of a fee not more than the fee for a firearms deer license; and

(4) the total number of deer that an individual may take.

Sec. 17. Minnesota Statutes 1992, section 97B.301, is amended by adding a subdivision to read:

Subd. 6. [RESIDENTS UNDER AGE 16 MAY TAKE DEER OF EITHER SEX.] (a) A resident under the age of 16 may take a deer of either sex. This subdivision does not authorize the taking of an antlerless deer by another member of a party under subdivision 3.

(b) This subdivision is repealed effective December 31, 1994.

Sec. 18. Minnesota Statutes 1992, section 97B.311, is amended to read:

97B.311 [DEER SEASONS AND RESTRICTIONS.]

(a) The commissioner may, by rule, prescribe restrictions and designate areas where deer may be taken. The commissioner may, by rule, prescribe the open seasons for deer within the following periods:

(1) taking with firearms, other than muzzle-loading firearms, between November 1 and December 15;

(2) taking with muzzle-loading firearms between September 1 and December 31; and

(3) taking by archery between September 1 and December 31.

(b) Notwithstanding paragraph (a), the commissioner may establish special seasons within designated areas between September 1 and January 15.

Sec. 19. Minnesota Statutes 1992, section 97B.621, subdivision 1, is amended to read:

Subdivision 1. [SEASON.] The statewide open season for raccoon may be ~~prescribed~~ set by the commissioner ~~between October 15 and December 31.~~

Sec. 20. Minnesota Statutes 1992, section 97B.901, is amended to read:

97B.901 [COMMISSIONER MAY REQUIRE TAGS ON FUR-BEARING ANIMALS.]

The commissioner may, by rule, require persons taking, possessing, and transporting fur-bearing animals to tag the animals ~~where they are taken.~~ The commissioner shall prescribe the manner of issuance and the type of tag, which must show the year of issuance. The commissioner shall issue the tag, without a fee, upon request.

Sec. 21. Minnesota Statutes 1992, section 97B.911, is amended to read:

97B.911 [MUSKRAT SEASONS.]

The commissioner may establish open seasons and restrictions for taking muskrat ~~between October 25 and April 30.~~ ~~The open season in an area may not exceed 90 days.~~ ~~The commissioner may prescribe restrictions for the taking of muskrat.~~

Sec. 22. Minnesota Statutes 1992, section 97B.915, is amended to read:

97B.915 [MINK SEASONS.]

The commissioner may establish open seasons and restrictions for taking mink ~~between October 25 and April 30.~~ ~~The open season in an area may not exceed 90 days.~~ ~~The commissioner may prescribe restrictions for the taking of mink.~~

Sec. 23. Minnesota Statutes 1992, section 97B.921, is amended to read:

97B.921 [OTTER SEASONS.]

The commissioner may establish open seasons and restrictions for taking otter ~~between October 25 and April 30.~~ ~~Otter may be taken only by trapping and the taking is subject to restrictions prescribed by the commissioner.~~

Sec. 24. Minnesota Statutes 1992, section 97B.925, is amended to read:

97B.925 [BEAVER SEASONS.]

The commissioner may establish open seasons and restrictions for taking beaver ~~between October 25 and April 30.~~ ~~Beaver may be taken only by trapping and the taking is subject to restrictions prescribed by the commissioner.~~

Sec. 25. Minnesota Statutes 1992, section 97C.081, is amended by adding a subdivision to read:

Subd. 4. [ICE FISHING CONTEST IN CONJUNCTION WITH RAFFLE.] An organization that is permitted under this section and licensed by the lawful gambling control board to conduct raffles may conduct a raffle in conjunction with an ice fishing contest. The organization may sell a combined ticket for a single price for the ice fishing contest and raffle, provided that the combined ticket states in at least 8-point type the amount of the price that applies to the ice fishing contest and the amount that applies to the raffle. All other provisions of sections 349.11 to 349.23 apply to the raffle.

Sec. 26. Minnesota Statutes 1992, section 97C.375, is amended to read:

97C.375 [TAKING ROUGH FISH BY SPEARING OR ARCHERY.]

A resident or nonresident may take rough fish by spearing or archery during the times, in waters, and in the manner prescribed by the commissioner.

Sec. 27. Minnesota Statutes 1992, section 97C.515, is amended by adding a subdivision to read:

Subd. 5. [SPECIAL PERMITS.] (a) The commissioner may issue a special permit, without a fee, to allow a person with a private fish hatchery license to import minnows from other states for export. A permit under this subdivision is not required for importation authorized under subdivision 4.

(b) An applicant for a permit under this subdivision shall submit to the commissioner sufficient information to identify potential threats to native plant and animal species and an evaluation of the feasibility of the proposal. The permit may include reasonable restrictions on importation, transportation, possession, containment, and disposal of minnows to ensure that native species are protected. The permit may have a term of up to two years and may be modified, suspended, or revoked by the commissioner for cause, including violation of a condition of the permit.

Sec. 28. Minnesota Statutes 1992, section 97C.701, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER'S AUTHORITY.] The commissioner may by rule set size limits and prescribe conditions for the taking, possession, transportation, sale, and purchase of mussels.

Sec. 29. Minnesota Statutes 1992, section 97C.701, is amended by adding a subdivision to read:

Subd. 1a. [HAND-PICKING REQUIRED.] A person may only harvest mussels by hand-picking.

Sec. 30. Minnesota Statutes 1992, section 97C.705, subdivision 1, is amended to read:

Subdivision 1. [OPEN SEASON SEASONS.] (a) The open season for taking mussels is from May 16 to the last day of February.

(b) The commissioner may by rule restrict the open season for taking mussels for commercial purposes.

Sec. 31. Minnesota Statutes 1992, section 97C.711, is amended to read:

97C.711 [~~MUSSEL SIZE LIMITS~~ UNDERSIZED MUSSELS.]

~~A person may not take mussels less than 1 3/4 inches in the greatest dimension, except pigtoes. A person must return undersized mussels to the water without injury.~~

Sec. 32. [REPEALER.]

Minnesota Statutes 1992, sections 97A.541; and 97C.701, subdivisions 2, 3, 4, and 5, are repealed.

Sec. 33. [EFFECTIVE DATE.]

Sections 2 and 3 are effective June 1, 1993. Section 8 is effective March 1, 1994."

Delete the title and insert:

"A bill for an act relating to game and fish; funding for wildlife habitat; defining terms; possession of firearms in deer zones; stamp design; financing waterfowl development; shipment of wild animals taken in Canada; training of hunting dogs; transportation of firearms by disabled hunters; clothing requirements; firearms permits for disabled; taking of deer; nonresident fish house license fees; seasons for taking raccoon, muskrat, mink, otter, and beaver; seasons for and tagging of fur-bearing animals; ice fishing contests in conjunction with raffles; rough fish taking by nonresidents; importation of minnows; taking, possession, transportation, sale, and purchase of mussels; use of certain appropriated funds; amending Minnesota Statutes 1992, sections 86B.305, subdivisions 1 and 2; 97A.015, subdivision 49, and by adding a subdivision; 97A.045, subdivision 7; 97A.531; 97B.005, subdivisions 2 and 3; 97B.041; 97B.045; 97B.071; 97B.111; 97B.211, subdivision 1; 97B.301, subdivision 4, and by adding a subdivision; 97B.311; 97B.621, subdivision 1; 97B.901; 97B.911; 97B.915; 97B.921; 97B.925; 97C.081, by adding a subdivision; 97C.375; 97C.515, by adding a subdivision; 97C.701, subdivision 1, and by adding a subdivision; 97C.705, subdivision 1; and 97C.711; proposing coding for new law in Minnesota Statutes, chapters 84; and 97A; repealing Minnesota Statutes 1992, sections 97A.541; and 97C.701, subdivisions 2, 3, 4, and 5."

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

House Conferees: BOB MILBERT, IRV ANDERSON AND CHARLIE WEAVER.

Senate Conferees: CHARLES A. BERG, BOB LESSARD AND PAT PARISEAU.

Milbert moved that the report of the Conference Committee on H. F. No. 1114 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1114, A bill for an act relating to game and fish; stamp design; training of hunting dogs; clothing requirements; raccoon season; rough fish taking by nonresidents; muskie size limits; taking of mussels; advance of matching funds; financing waterfowl development; defining "undressed bird"; regulating the taking of deer; regulating seasons on muskrat, mink, otter, and beaver; required license to take and condition of fish brought into the state from Canada; authorizing suspension of requirements upon action by Canadian authorities; amending Minnesota Statutes 1992, sections 84.085, by adding a subdivision; 97A.015, subdivision 49, and by adding a subdivision; 97A.045, subdivision 7; 97A.091, subdivision 2; 97A.531; 97B.005, subdivisions 2 and 3; 97B.041; 97B.071; 97B.621, subdivision 1; 97B.911; 97B.915; 97B.921; 975.925; 97C.375; 97C.405; and 97C.701, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 97A; repealing Minnesota Statutes 1992, sections 97A.541; 97C.701, subdivisions 3, 4, and 5; 97C.705; and 97C.711.

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 3 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Lasley Osthoff Perl

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 988

A bill for an act relating to game and fish; allowing the taking of two deer in designated counties; amending Minnesota Statutes 1992, section 97B.301, subdivisions 2, 4, and by adding a subdivision.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 988, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 988 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [AUTHORIZATION TO TAKE TWO DEER IN CERTAIN COUNTIES.]

Notwithstanding Minnesota Statutes, section 97B.301, subdivision 2, during the 1993 and 1994 hunting seasons, in Kittson, Lake of the Woods, Marshall, and Roseau counties a person may obtain one firearms deer license and one archery deer license in the same license year and may take one deer under each license."

Delete the title and insert:

"A bill for an act relating to game and fish; allowing the taking of two deer in designated counties during the 1993 and 1994 hunting seasons."

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

House Conferees: WALLY SPARBY, JIM TUNHEIM AND BRAD STANIUS.

Senate Conferees: LEROY A. STUMPF, BOB LESSARD AND DENNIS R. FREDERICKSON.

Sparby moved that the report of the Conference Committee on H. F. No. 988 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 988, A bill for an act relating to game and fish; allowing the taking of two deer in designated counties; amending Minnesota Statutes 1992, section 97B.301, subdivisions 2, 4, and by adding a subdivision.

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

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

Those who voted in the affirmative were:

Abrams	Bergson	Carruthers	Delmont	Garcia	Haukoos	Jennings
Anderson, I.	Bertram	Clark	Dempsey	Girard	Holsten	Johnson, A.
Anderson, R.	Bettermann	Commers	Dorn	Goodno	Hugoson	Johnson, R.
Asch	Blatz	Dauner	Erhardt	Greiling	Huntley	Johnson, V.
Battaglia	Brown, C.	Dauids	Evans	Gruenes	Jacobs	Kahn
Bauerly	Brown, K.	Dawkins	Farrell	Gutknecht	Jaros	Kalis
Beard	Carlson	Dehler	Frerichs	Hasskamp	Jefferson	Kelley

Kelso	Lourey	Murphy	Ostrom	Rodosovich	Swenson	Welle
Kinkel	Luther	Neary	Ozment	Rukavina	Tomassoni	Wenzel
Klinzing	Lynch	Nelson	Pauly	Seagren	Tompkins	Winter
Knickerbocker	Mahon	Ness	Pawlenty	Sekhon	Trimble	Wolf
Koppendrayer	Mariani	Olson, E.	Pelowski	Simoneau	Tunheim	Worke
Krinkie	McCollum	Olson, K.	Perlt	Skoglund	Van Dellen	Workman
Krueger	McGuire	Olson, M.	Peterson	Smith	Vellenga	Spk. Long
Lasley	Milbert	Onnen	Pugh	Solberg	Vickerman	
Leppik	Molnau	Opatz	Reding	Sparby	Wagenius	
Lieder	Morrison	Orenstein	Rest	Stanius	Waltman	
Limmer	Mosel	Orfield	Rhodes	Steensma	Weaver	
Lindner	Munger	Osthoff	Rice	Sviggum	Wejcman	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1524

A bill for an act relating to taxation; providing conditions and requirements for the issuance of public debt and for the financial obligations of authorities; providing an exemption from the mortgage registration tax; providing an exemption from an ad valorem taxation for certain lease purchase property; providing a property tax exemption for certain property devoted to public use; amending Minnesota Statutes 1992, sections 80A.12, by adding a subdivision; 275.065, subdivision 7; 287.04; 447.45, subdivision 2; 475.67, subdivisions 3 and 13; and 501B.25; repealing Minnesota Rules, part 2875.3532.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1524, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its Rule 49 amendment labeled SCSF1419, adopted by the Senate May 4, 1993, and that the House concur in the Pogemiller amendments labeled SH1524A-6 and SH1524A50, adopted by the Senate May 10, 1993.

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

House Conferees: ANN H. REST, STEVE DEHLER AND JEAN WAGENIUS.

Senate Conferees: LAWRENCE J. POGEMILLER, CAROL FLYNN AND GEN OLSON.

Rest moved that the report of the Conference Committee on H. F. No. 1524 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1524, A bill for an act relating to taxation; providing conditions and requirements for the issuance of public debt and for the financial obligations of authorities; providing an exemption from the mortgage registration tax; providing an exemption from an ad valorem taxation for certain lease purchase property; providing a property tax exemption for certain property devoted to public use; amending Minnesota Statutes 1992, sections 80A.12, by adding a subdivision; 275.065, subdivision 7; 287.04; 447.45, subdivision 2; 475.67, subdivisions 3 and 13; and 501B.25; repealing Minnesota Rules, part 2875.3532.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by Conference, 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. 1225:

Steensma, Wenzel and Hugoson.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1529:

Hausman, Munger and Wagenius.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1437:

Jacobs, Jennings and Gruenes.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 74, A bill for an act relating to local government; authorizing the city of Minneapolis, special school district No. 1, the city library board, and the city park and recreation board to impose residency requirements.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1436, A bill for an act relating to the environment; appropriating money from the metropolitan landfill contingency trust fund to the commissioner of the pollution control agency for reimbursement to the city of Hopkins for remediation of methane at the city landfill; amending Laws 1991, chapter 182, section 7.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

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

S. F. No. 413.

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. 413

A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited lands that border public water in St. Louis county; authorizing the conveyance of certain Willmar regional treatment center land to Kandiyohi county.

May 12, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 413, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment.

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

Senate Conferees: JERRY R. JANEZICH, HAROLD R. "SKIP" FINN AND STEVEN G. NOVAK.

House Conferees: TOM RUKAVINA, DAVID TOMASSONI AND THOMAS HUNTLEY.

Rukavina moved that the report of the Conference Committee on S. F. No. 413 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 413, A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited lands that border public water in St. Louis county; authorizing the conveyance of certain Willmar regional treatment center land to Kandiyohi county.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 571, A bill for an act relating to education; extending dates for per pupil revenue option; authorizing certain contracts with school board members and with the spouses of school district employees; amending Minnesota Statutes 1992, sections 124A.029, subdivision 4; 127.15; and 471.88, by adding a subdivision.

PATRICK E. FLAHAVERN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Greiling moved that the House concur in the Senate amendments to H. F. No. 571 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 571, A bill for an act relating to education; authorizing certain contracts with school board members and with the spouses of school district employees; amending Minnesota Statutes 1992, sections 127.15; and 471.88, by adding a subdivision.

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 124 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Bishop	Carruthers	Dehler	Evans	Greiling
Anderson, I.	Beard	Blatz	Clark	Delmont	Farrell	Gutknecht
Anderson, R.	Bergson	Brown, C.	Commers	Dempsey	Frerichs	Haukoos
Asch	Bertram	Brown, K.	Dauner	Dorn	Garcia	Hausman
Battaglia	Bettermann	Carlson	Dawkins	Erhardt	Girard	Holsten

Hugoson	Kinkel	Lynch	Nelson	Peterson	Solberg	Wagenius
Huntley	Klinzing	Macklin	Olson, E.	Pugh	Sparby	Waltman
Jacobs	Knickerbocker	Mahon	Olson, K.	Reding	Stanius	Weaver
Jaros	Koppendrayer	Mariani	Onnen	Rest	Steensma	Wejcman
Jefferson	Krinkie	McCollum	Opatz	Rhodes	Sviggum	Welle
Jennings	Krueger	McGuire	Orenstein	Rice	Swenson	Wenzel
Johnson, A.	Lasley	Milbert	Orfield	Rodosovich	Tomassoni	Winter
Johnson, R.	Leppik	Molnau	Osthoff	Rukavina	Tompkins	Wolf
Johnson, V.	Lieder	Morrison	Ozment	Seagren	Trimble	Worke
Kahn	Limmer	Mosel	Pauly	Sekhon	Tunheim	Workman
Kalis	Lindner	Munger	Pawlenty	Simoneau	Van Dellen	Spk. Long
Kelley	Lourey	Murphy	Pelowski	Skoglund	Vellenga	
Kelso	Luther	Neary	Perlt	Smith	Vickerman	

Those who voted in the negative were:

Davids	Goodno	Gruenes	Hasskamp	Ness	Olson, M.	Ostrom
--------	--------	---------	----------	------	-----------	--------

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

Madam Speaker:

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

S. F. No. 236.

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. 236

A bill for an act relating to domestic abuse; requiring a report on victims of domestic abuse and eligibility for unemployment compensation benefits.

May 11, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 236, 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. 236 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [DOMESTIC ABUSE; CHILD CARE; UNEMPLOYMENT COMPENSATION.]

Subdivision 1. [DOMESTIC ABUSE; INTERIM POLICY.] The commissioner of jobs and training shall develop and implement an interim policy to address the issue of employees forced to leave employment due to domestic abuse as defined in Minnesota Statutes 1992, section 518B.01, subdivision 2, paragraph (a). The commissioner shall provide opportunities for members of the public to be fully involved in developing the interim policy. The department shall report to the labor-management relations committee of the house of representatives and the jobs, energy, and community development committee for the senate bimonthly until January 15, 1994, on its progress in developing the interim policy and its experience in implementing it.

Subd. 2. [STUDY; DOMESTIC ABUSE; CHILD CARE.] The commissioner of jobs and training shall study the issues of employees separated from employment due to problems with child care and domestic abuse as defined in Minnesota Statutes 1992, section 518B.01, subdivision 2, paragraph (a). The commissioner of jobs and training shall consult with the commissioner of human services, the unemployment advisory council, and members of the public in preparing the study. The study shall include a review of case histories in which unemployment compensation was sought. The study shall investigate whether legislation is necessary to address the issues and whether the issues are best addressed as employment, human services, criminal, unemployment compensation, or other problems. The results of the study shall be reported to the legislature by January 15, 1994, along with any recommendations for legislation.

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 unemployment compensation; requiring the development of an interim policy and a report on the issue of employees forced to leave employment due to domestic abuse; requiring a study on issues of employees separated from employment due to problems with child care and domestic abuse."

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

Senate Conferees: ELLEN R. ANDERSON, DENNIS R. FREDERICKSON AND SANDRA L. PAPPAS.

House Conferees: KATHLEEN SEKHON, ALICE M. JOHNSON AND TOM RUKAVINA.

Sekhon moved that the report of the Conference Committee on S. F. No. 236 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 236, A bill for an act relating to domestic abuse; requiring a report on victims of domestic abuse and eligibility for unemployment compensation benefits.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

The Speaker resumed the Chair.

Madam Speaker:

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

S. F. No. 512.

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. 512

A bill for an act relating to telecommunications; providing for regulation of telecommunications carriers; limiting discriminatory practices, services, rates, and pricing; providing for investigation, hearings, and appeals regarding telecommunications services; delineating telecommunications practices allowed; providing penalties and remedies; amending Minnesota Statutes 1992, sections 237.01, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1992, section 237.59, subdivision 7.

May 13, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 512, 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. 512 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 237.01, subdivision 2, is amended to read:

Subd. 2. [TELEPHONE COMPANY.] "Telephone company," means and applies to any person, firm, association or any corporation, private or municipal, owning or operating any telephone line or telephone exchange for hire, wholly or partly within this state, or furnishing any telephone service to the public.

A "telephone company" does not include a radio common carrier as defined in subdivision 4. A telephone company which also conforms with the definition of a radio common carrier is subject to regulation as a telephone company. However, none of chapter 237 applies to telephone company activities which conform to the definition of a radio common carrier.

A "telephone company" does not include a telecommunications carrier as defined in subdivision 5, except that a telecommunications carrier is a telephone company for the purposes of section 222.36. A telephone company is not subject to section 237.74.

Sec. 2. Minnesota Statutes 1992, section 237.01, is amended by adding a subdivision to read:

Subd. 5. [TELECOMMUNICATIONS CARRIER.] "Telecommunications carrier" means a person, firm, association, or corporation authorized to furnish telephone service to the public but not authorized to furnish local exchange service. Telecommunications carrier does not include entities that derive more than 50 percent of their revenues from operator services provided to transient locations such as hotels, motels, and hospitals. In addition, telecommunications carrier does not include entities that provide centralized equal access services.

Sec. 3. [237.035] [TELECOMMUNICATIONS CARRIER EXEMPTION.]

Telecommunications carriers are not subject to regulation under this chapter, except that telecommunications carriers shall comply with the requirements of section 237.74.

Sec. 4. [237.74] [REGULATION OF TELECOMMUNICATIONS CARRIERS.]

Subdivision 1. [FILING REQUIREMENTS.] Every telecommunications carrier shall elect and keep on file with the department either a tariff or a price list for each service on or before the effective date of the tariff or price, containing the rules, rates, and classifications used by it in the conduct of the telephone business, including limitations on liability. The filings are governed by chapter 13. The department shall require each telecommunications carrier to keep open for public inspection at designated offices so much of these rates, tariffs or price lists, and rules as the department considers necessary for public information.

Subd. 2. [DISCRIMINATION PROHIBITED; PRACTICES, SERVICES, RATES.] No telecommunications carrier shall offer telecommunications service within the state upon terms or rates that are unreasonably discriminatory. No telecommunications carrier shall unreasonably limit its service offerings to particular geographic areas unless facilities necessary for the service are not available and cannot be made available at reasonable costs. The rates of a telecommunications carrier must be the same in all geographic locations of the state unless for good cause the commission approves different rates. A company that offers long-distance services shall charge uniform rates and charges on all long-distance routes and in all geographic areas in the state where it offers the services. However, a carrier may offer or provide volume or term discounts or may offer or provide unique pricing to certain customers or to certain geographic locations for special promotions, and may pass through any state, municipal, or local taxes in the specific geographic areas from which the taxes originate.

Notwithstanding any other provision of this subdivision, a telecommunications carrier may furnish service free or at reduced rates to its officers, agents, or employees in furtherance of their employment.

Subd. 3. [SPECIAL PRICING.] Except as prohibited by this section, prices unique to a particular customer or group of customers may be allowed for services when differences in the cost of providing a service or a service element justify a different price for a particular customer or group of customers. Individual pricing for services may be allowed when a uniform price should not be required because of market conditions. Unique or individual prices for services or service elements in effect before the effective date of this section are deemed to be lawful under this section.

Subd. 4. [INVESTIGATIONS.] (a) When the commission or the department believes that an investigation of any matter relating to any telephone service should for any reason be made, it may on its own motion investigate the service or matter upon notice to the carrier. However, telecommunications carriers are not subject to rate or rate of return regulation and neither the commission nor the department may investigate any matter relating to a telecommunications carrier's costs, rates, or rate of return, except the commission and the department may investigate whether a rate is unreasonably discriminatory under subdivision 2.

(b) Upon a complaint made against a telecommunications carrier by a telephone company, by another telecommunications carrier, by the governing body of a political subdivision, or by no fewer than five percent or 100, whichever is the lesser number, of the subscribers or spouses of subscribers of the particular telecommunications carrier, that any of the rates, tolls, tariffs or price lists, charges, or schedules is in any respect unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission, after notice to the telecommunications carrier, shall investigate the matters raised by the complaint.

(c) If, after making an investigation under paragraph (a) or (b), the commission finds that a significant factual issue raised has not been resolved to its satisfaction, the commission may order that a contested case hearing be conducted under chapter 14 unless the complainant, the telecommunications carrier, and the commission agree that an expedited hearing under section 237.61 is appropriate.

(d) In any complaint proceeding authorized under this section, telecommunications carriers shall bear the burden of proof consistent with the allocation of the burden of proof to telephone companies in sections 237.01 to 237.73.

(e) A full and complete record must be kept by the commission of all proceedings before it upon any formal investigation or hearing and all testimony received or offered must be taken down by the stenographer appointed by the commission and a transcribed copy of the record furnished to any party to the investigation upon the payment of the expense of furnishing the transcribed copy.

If the commission finds by a preponderance of the evidence presented during the complaint proceeding that existing rates, tolls, tariffs or price lists, charges, or schedules are unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission may issue its order requiring termination of the discrimination or making the service adequate or obtainable.

(f) A copy of an order issued under this section must be served upon the person against whom it runs or the person's attorney, and notice of the order must be given to the other parties to the proceedings or their attorneys.

(g) Any party to a proceeding before the commission or the attorney general may make and perfect an appeal from the order in accordance with chapter 14.

If the court finds from an examination of the record that the commission erroneously rejected evidence that should have been admitted, it shall remand the proceedings to the commission with instructions to receive the evidence rejected and any rebutting evidence and to make new findings and return them to the court for further review. Then the commission, after notice to the parties in interest, shall proceed to rehear the matter in controversy and receive the wrongfully rejected evidence and any rebutting evidence offered and make new findings, as upon the original hearing, and transmit it and the new record properly certified to the court of appeals, when the matter shall be again considered by the court in the same manner as in an original appeal.

(h) When an appeal is taken from any order of the commission under this chapter, the commission shall, without delay, have a certified transcript made of all proceedings, pleadings and files, and testimony taken or offered before it upon which the order was based, showing particularly what, if any, evidence offered was excluded. The transcript must be made and filed with the court administrator of the district court where the appeal is pending.

Subd. 5. [EXTENSION OF FACILITIES.] A telecommunications carrier may extend its facilities into or through a statutory or home rule charter city or town of this state for furnishing its services, subject to the regulation of the governing body of the city or town relative to the location of poles and wires and the preservation of the safe and convenient use of streets and alleys by the public. Nothing in this subdivision shall be construed to allow or prohibit facilities bypass of the local exchange telephone company, nor shall it be construed to prohibit the commission from issuing orders concerning facilities bypass of the local exchange telephone company.

Subd. 6. [TARIFF OR PRICE LIST CHANGES.] (a) Telecommunications carriers may:

(1) decrease the rate for a service, or make any change in a tariff or price list that results in a decrease in rates, effective without notice to its customers or the commission; and

(2) offer a new service, increase the rate for a service, or change the terms, conditions, rules, and regulations of its service offering effective upon notice to its customers. Subject to subdivisions 2 and 9, a telecommunications carrier may discontinue a service, except that a telecommunications carrier must first obtain prior commission approval before discontinuing service to another telecommunications carrier if end users would be deprived of service because of the discontinuance.

(b) A telecommunications carrier may give notice to its customers by bill inserts, by publication in newspapers of general circulation, or by any other reasonable means.

Subd. 7. [OCCASIONAL USE.] A telecommunications carrier shall not be deemed to provide local exchange services within the meaning of sections 237.01 and 237.035 merely because of occasional use of the service by the customer for local exchange service related to the provision of interexchange services.

Subd. 8. [UNIFORM RULES.] Telecommunications carriers are subject to uniform rules pertaining to the conduct of intrastate telephone services by telecommunications carriers that the commission has prescribed and may prescribe, to the extent the rules are not inconsistent with this section. Rules, forms, or reports required by the commission must conform as nearly as practicable to the rules, forms, or reports prescribed by the Federal Communications Commission for interstate business.

Subd. 9. [DISCONTINUANCE.] If a physical connection exists between a telephone exchange system operated by a telephone company and the toll line or lines operated by a telecommunications carrier, neither of the companies shall have the connection severed or the service between the companies discontinued without first obtaining an order from the commission upon an application for permission to discontinue the physical connection. Upon the filing of an application for discontinuance of the connection, the department shall investigate and ascertain whether public

convenience requires the continuance of the physical connection, and if the department so finds, the commission shall fix the compensation, terms, and conditions of the continuance of the physical connection and service between the telephone company and the telecommunications carrier. Prior commission approval is not required for severing connections where multiple local exchange companies are authorized to provide service. However, the commission may require the connections if it finds that the connections are in the public interest.

Subd. 10. [COST OF EXAMINATION; ASSESSMENT OF EXPENSES; LIMITATION; OBJECTIONS.] Section 237.295 applies to telecommunications carriers as it does to telephone companies.

Subd. 11. [ENFORCEMENT; PENALTIES AND REMEDIES.] (a) This section and rules and orders of the commission adopted or issued under this section may be enforced by criminal prosecution, action to recover civil penalties, injunction, action to compel performance, other appropriate action, or any combination of penalties and remedies.

(b) A person who knowingly and intentionally violates this section or a rule or order of the commission adopted or issued under this section shall forfeit and pay to the state a penalty, in an amount to be determined by the court, of at least \$100 and not more than \$1,000 for each day of each violation. The civil penalties provided for in this paragraph may be recovered by a civil action brought by the attorney general in the name of the state. Amounts recovered under this paragraph must be paid into the state treasury.

Subd. 12. [CERTIFICATION REQUIREMENT.] No telecommunications carrier shall construct or operate any line, plant, or system, or any extension of it, or acquire ownership or control of it, either directly or indirectly, without first obtaining from the commission a determination that the present or future public convenience and necessity require or will require the construction, operation, or acquisition, and a new certificate of territorial authority. Nothing in this subdivision requires a telecommunications carrier that has been certified by the commission to provide telephone service before the effective date of this section, to be recertified under this subdivision. Nothing in this subdivision shall be construed to allow or prohibit facilities bypass of the local exchange telephone company, nor shall it be construed to prohibit the commission from issuing orders concerning facilities bypass of the local exchange telephone company.

Sec. 5. [237.75] [CLASS SERVICE.]

Subdivision 1. [DEFINITION.] For purposes of this section, "CLASS" or "custom local area signaling service" means a custom calling telephone service that is enabled through the installation or use of Signaling System 7 or similar signaling system and that includes at least the following features:

- (1) automatic call back;
- (2) automatic recall;
- (3) calling number delivery, commonly known as "caller identification";
- (4) calling number delivery blocking;
- (5) customer originated call tracing;
- (6) distinctive ringing/call waiting;
- (7) selective call acceptance;
- (8) selective call forwarding; and
- (9) selective call rejection.

Subd. 2. [CLASS; TERMS AND CONDITIONS.] By January 1, 1994, the commission shall determine the terms and conditions under which CLASS services may be provided by telephone companies in this state.

Subd. 3. [CLASS; CAPABILITY AND OFFERING OF SERVICE.] Each telephone company that provides local telephone service to persons located in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington shall obtain the capability to offer CLASS services in those counties by January 1, 1995, unless the commission approves an extension to a date certain.

Sec. 6. [REPEALER.]

Minnesota Statutes 1992, section 237.59, subdivision 7, is repealed."

Delete the title and insert:

"A bill for an act relating to telecommunications; providing for regulation of telecommunications carriers; limiting discriminatory practices, services, rates, and pricing; providing for investigation, hearings, and appeals regarding telecommunications services; delineating telecommunications practices allowed; mandating availability of custom local area signaling service in metropolitan area; providing penalties and remedies; amending Minnesota Statutes 1992, sections 237.01, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1992, section 237.59, subdivision 7."

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

Senate Conferees: STEVEN G. NOVAK, JANET B. JOHNSON AND KEVIN M. CHANDLER.

House Conferees: JOEL JACOBS, STEVE KELLEY AND DAVE GRUENES.

Jacobs moved that the report of the Conference Committee on S. F. No. 512 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 512, A bill for an act relating to telecommunications; providing for regulation of telecommunications carriers; limiting discriminatory practices, services, rates, and pricing; providing for investigation, hearings, and appeals regarding telecommunications services; delineating telecommunications practices allowed; providing penalties and remedies; amending Minnesota Statutes 1992, sections 237.01, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1992, section 237.59, subdivision 7.

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

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dauner Wejcmán

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

Bauerly was excused between the hours of 5:55 p.m. and 6:30 p.m.

Madam Speaker:

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

S. F. No. 1046.

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. 1046

A bill for an act relating to crimes; prohibiting persons from interfering with access to medical facilities; prescribing penalties; authorizing civil and equitable remedies; amending Minnesota Statutes 1992, section 488A.101; proposing coding for new law in Minnesota Statutes, chapter 609.

May 12, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1046, 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. 1046 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 488A.101, is amended to read:

488A.101 [COUNTY ATTORNEY AS PROSECUTOR, NOTICE TO COUNTY.]

A municipality or other subdivision of government seeking to use the county attorney for violations enumerated in section 488A.10, subdivision 11 shall notify the county board of its intention to use the services of the county attorney at least 60 days prior to the adoption of the board's annual budget each year. A municipality may enter into an agreement with the county board and the county attorney to provide prosecution services for any criminal offense on a case-by-case basis.

Sec. 2. [609.749] [PHYSICAL INTERFERENCE WITH SAFE ACCESS TO HEALTH CARE.]

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

(a) "Facility" means any of the following:

(1) a hospital or other health institution licensed under sections 144.50 to 144.56;

(2) a medical facility as defined in section 144.561;

(3) an agency, clinic, or office operated under the direction of or under contract with the commissioner of health or a community health board, as defined in section 145A.02;

- (4) a facility providing counseling regarding options for medical services or recovery from an addiction;
- (5) a facility providing emergency shelter services for battered women, as defined in section 611A.31, subdivision 3, or a facility providing transitional housing for battered women and their children;
- (6) a residential care home or home as defined in section 144B.01, subdivision 5;
- (7) a facility as defined in section 626.556, subdivision 2, paragraph (f);
- (8) a facility as defined in section 626.557, subdivision 2, paragraph (a), where the services described in that paragraph are provided;
- (9) a place to or from which ambulance service, as defined in section 144.801, is provided or sought to be provided;
and
- (10) a hospice program licensed under section 144A.48.

(b) "Aggrieved party" means a person whose access to or egress from a facility is obstructed in violation of subdivision 2, or the facility.

Subd. 2. [OBSTRUCTING ACCESS PROHIBITED.] A person is guilty of a gross misdemeanor who intentionally and physically obstructs any individual's access to or egress from a facility.

Subd. 3. [NOT APPLICABLE.] Nothing in this section shall be construed to impair the right of any individual or group to engage in speech protected by the United States Constitution, the Minnesota Constitution, or federal or state law, including but not limited to peaceful and lawful handbilling and picketing.

Subd. 4. [CIVIL REMEDIES.] (a) A party who is aggrieved by an act prohibited by this section, or by an attempt or conspiracy to commit an act prohibited by this section, may bring an action for damages, injunctive or declaratory relief, as appropriate, in district court against any person or entity who has violated or has conspired to violate this section.

(b) A party who prevails in a civil action under this subdivision is entitled to recover from the violator damages, costs, attorney fees, and other relief as determined by the court. In addition to all other damages, the court may award to the aggrieved party a civil penalty of up to \$1,000 for each violation. If the aggrieved party is a facility and the political subdivision where the violation occurred incurred law enforcement or prosecution expenses in connection with the same violation, the court shall award any civil penalty it imposes to the political subdivision instead of to the facility.

(c) The remedies provided by this subdivision are in addition to any other legal or equitable remedies the aggrieved party may have and are not intended to diminish or substitute for those remedies or to be exclusive.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment and apply to acts committed on or after that date."

Amend the title as follows:

Page 1, line 3, delete "medical facilities" and insert "health care"

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

Senate Conferees: SANDRA L. PAPPAS, JOHN C. HOTTINGER AND SHEILA M. KISCADEN.

House Conferees: HOWARD ORENSTEIN, MARY JO MCGUIRE AND CHARLIE WEAVER.

CALL OF THE HOUSE

On the motion of Weaver and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

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

Anderson, I., 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.

Orenstein moved that the report of the Conference Committee on S. F. No. 1046 be adopted and that the bill be repassed as amended by the Conference Committee.

Bertram moved that the House refuse to adopt the Conference Committee report on S. F. No. 1046, and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Bertram motion and the roll was called.

Anderson, I., moved that those not voting be excused from voting. The motion prevailed.

There were 57 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dehler	Jacobs	Limmer	Onnen	Steensma	Wolf
Battaglia	Dempsey	Johnson, V.	Lindner	Opatz	Sviggum	Worke
Bertram	Girard	Kalis	Macklin	Ozment	Swenson	Workman
Bettermann	Goodno	Kelso	Molnau	Pawlenty	Tompkins	
Brown, C.	Gruenes	Klinzing	Mosel	Pelowski	Tunheim	
Commers	Gutknecht	Koppendrayer	Murphy	Peterson	Vickerman	
Cooper	Hasskamp	Krinkie	Nelson	Rodosovich	Waltman	
Dauner	Haukoos	Krueger	Ness	Seagren	Wenzel	
Davids	Hugoson	Lieder	Olson, M.	Smith	Winter	

Those who voted in the negative were:

Abrams	Dawkins	Holsten	Leppik	Neary	Rhodes	Vellenga
Anderson, R.	Delmont	Huntley	Lourey	Olson, K.	Rukavina	Wagenius
Asch	Dorn	Jaros	Luther	Orenstein	Sekhon	Weaver
Beard	Erhardt	Jefferson	Lynch	Orfield	Simoneau	Wejcman
Bergson	Evans	Johnson, A.	Mahon	Osthoff	Skoglund	Welle
Bishop	Farrell	Johnson, R.	Mariani	Ostrom	Solberg	Spk. Long
Blatz	Frerichs	Kahn	McCollum	Pauly	Sparby	
Brown, K.	Garcia	Kelley	McGuire	Perlt	Stanius	
Carlson	Greenfield	Kinkel	Milbert	Pugh	Tomassoni	
Carruthers	Greiling	Knickerbocker	Morrison	Reding	Trimble	
Clark	Hausman	Lasley	Munger	Rest	Van Dellen	

The motion did not prevail.

The question recurred on the Orenstein motion that the report of the Conference Committee on S. F. No. 1046 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker called Bauerly to the Chair.

Sparby was excused for the remainder of today's session.

S. F. No. 1046, A bill for an act relating to crimes; prohibiting persons from interfering with access to medical facilities; prescribing penalties; authorizing civil and equitable remedies; amending Minnesota Statutes 1992, section 488A.101; proposing coding for new law in Minnesota Statutes, chapter 609.

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.

Anderson, I., 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	Dawkins	Holsten	Lasley	Morrison	Perlt	Swenson
Anderson, I.	Delmont	Huntley	Leppik	Mosel	Pugh	Tomassoni
Anderson, R.	Dorn	Jaros	Lieder	Munger	Reding	Trimble
Asch	Erhardt	Jefferson	Lourey	Neary	Rest	Tunheim
Beard	Evans	Jennings	Luther	Olson, E.	Rhodes	Van Dellen
Bergson	Farrell	Johnson, A.	Lynch	Olson, K.	Rukavina	Vellenga
Bishop	Frerichs	Johnson, R.	Macklin	Orenstein	Sekhon	Wagenius
Blatz	Garcia	Kahn	Mahon	Orfield	Simoneau	Weaver
Brown, K.	Greenfield	Kelley	Mariani	Osthoff	Skoglund	Wejcman
Carlson	Greiling	Kinkel	McCollum	Ostrom	Smith	Welle
Carruthers	Hasskamp	Knickerbocker	McGuire	Pauly	Solberg	Winter
Clark	Hausman	Krinkie	Milbert	Pawlenty	Stanius	Spk. Long

Those who voted in the negative were:

Battaglia	Dauner	Gutknecht	Klinzing	Nelson	Peterson	Waltman
Bauerly	Dauids	Haukoos	Koppendrayner	Ness	Rodosovich	Wenzel
Bertram	Dehler	Hugoson	Krueger	Olson, M.	Seagren	Wolf
Bettermann	Dempsey	Jacobs	Limmer	Ornen	Steensma	Worke
Brown, C.	Girard	Johnson, V.	Lindner	Opatz	Sviggum	Workman
Commers	Goodno	Kalis	Molnau	Ozment	Tompkins	
Cooper	Gruenes	Kelso	Murphy	Pelowski	Vickerman	

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

CALL OF THE HOUSE LIFTED

Brown, C., moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

Speaker Long was excused between the hours of 6:50 p.m. and 7:30 p.m.

Madam Speaker:

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

H. F. No. 1709, 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; fixing and limiting accounts and fees; amending Minnesota Statutes 1992, sections 11A.21, subdivision 1; 161.081; 161.39, by adding a subdivision; 169.121, subdivision 7; 169.123, subdivision 5a; 171.02, subdivision 1; 171.06, subdivisions 2 and 4; 171.07, by adding a subdivision; 171.11; 171.22, subdivision 1; 174.02, by adding a subdivision; 296.02, subdivision 1a; 296.025, subdivision 1a; Laws 1992, chapter 513, article 3, section 77; proposing coding for new law in Minnesota Statutes, chapter 161; repealing Minnesota Statutes 1992, sections 171.20, subdivision 1; 296.01, subdivision 4; and 296.026.

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

Madam Speaker:

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

S. F. No. 1407.

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. 1407

A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; creating an instructional telecommunications network; providing for grants from the higher education coordinating board for regional linkages, regional coordination, courseware development and usage, and faculty training; authorizing the state board of community colleges to use higher education facilities authority revenue bonds to construct student residences; creating three accounts in the permanent university fund and making allocations from the accounts; providing tuition exemptions at technical colleges for Southwest Asia veterans; prescribing changes in eligibility and in duties and responsibilities for certain financial assistance programs; establishing grant programs to promote recruitment and retention initiatives by nurses training and teacher education programs directed toward persons of color; establishing grant programs for nursing students and students in teacher education programs who are persons of color; establishing an education to employment transitions system; amending Minnesota Statutes 1992, sections 136A.101, subdivisions 1 and 7; 136A.121, subdivision 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.15, subdivision 6; 136A.1701, subdivision 4; 136A.233, subdivisions 2 and 3; 136C.13, subdivision 4; 136C.61, subdivision 7; and 137.022, subdivision 3, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137; proposing coding for new law as Minnesota Statutes, chapter 126B; repealing Minnesota Statutes 1992, sections 136A.121, subdivision 17; and 136A.134.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1407, 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. 1407 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

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 article. The listing of an amount under the figure "1994" or "1995" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 1994, or June 30, 1995, respectively. "The first year" is fiscal year 1994. "The second year" is fiscal year 1995. "The biennium" is fiscal years 1994 and 1995.

SUMMARY BY FUND

	1994	1995	TOTAL
General	\$1,005,181,000	\$1,037,819,000	\$2,043,000,000

SUMMARY BY AGENCY - ALL FUNDS

	1994	1995	TOTAL
Higher Education Coordinating Board	122,248,000	119,498,000	241,746,000
State Board of Technical Colleges	165,109,000	170,525,000	335,634,000
State Board for Community Colleges	95,751,000	104,248,000	199,999,000
State University Board	175,399,000	179,621,000	355,020,000
Board of Regents of the University of Minnesota	444,966,000	462,187,000	907,153,000
Mayo Medical Foundation	808,000	840,000	1,648,000
Higher Education Board	900,000	900,000	1,800,000

APPROPRIATIONS
Available for the Year
Ending June 30

1994 1995

Sec. 2. HIGHER EDUCATION COORDINATING BOARD

Subdivision 1. Total Appropriation	122,248,000	119,498,000
------------------------------------	-------------	-------------

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

Subd. 2. Agency Administration

3,216,000

3,166,000

The higher education coordinating board, in cooperation with the commissioner of finance and the commissioner of revenue, shall determine if there is an economically feasible way to encourage families to save money for their children's education. Particular effort shall be directed at the education savings plans contained in S.F. No. 468 and S.F. No. 1346 to determine if the tax revenue losses predicted in the fiscal notes are accurate, and if the benefits to an individual and the state are of greater value than the state's lost revenues. The higher education coordinating board shall report its findings to the governor and the education and tax committees of the legislature before September 15, 1993. The report shall include specific options for financing the recommendations, any necessary tax form and instruction changes, and any other information necessary for the proposals to be enacted into law.

The higher education coordinating board shall examine the feasibility of reducing the minimum amount a student can borrow under the SELF program, and allowing SELF recipients who return to school during their repayment phase to reenter the in-school phase of payments. The board may change the SELF loan requirements based on the results of the examination.

This appropriation includes money to provide technical advice and other support for child care innovation at eligible institutions, and to review biennial plans submitted by institutions. Plans must include strategies to supplement state money with community resources.

Subd. 3. State Grants

101,950,000

97,950,000

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

The legislature intends that the higher education coordinating board make full grant awards in each year of the biennium.

This appropriation contains money for increasing living allowances for state grants to \$4,115 each year.

Beginning in the 1994-1995 academic year, the legislature intends to adopt the private college cap of \$6,814 recommended by the higher education coordinating board and the department of finance, pending alternative recommendations of the financial aid task force.

The higher education coordinating board shall meet with the nursing community in order to evaluate consolidating all nursing grant programs administered by the state, and report its findings to the legislature by February 1, 1994.

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

This appropriation includes \$250,000 each year for grants to nursing programs to recruit persons of color and to provide grants to nursing students who are persons of color. Of this amount, \$100,000 each year is for recruitment and retention of students of color in nursing programs leading to licensure as a registered nurse. Other than the grants to students, all grants shall be matched with at least the same amount from grantee sources or nonstate money.

This appropriation includes money to begin postservice benefit accounts for the youthworks program. By October 1, 1993, the higher education coordinating board, in consultation with the youthworks task force, shall design a plan to administer the postservice benefit accounts of the youthworks program. The plan shall include strategies to augment the appropriation by maximizing federal and other nonstate money. The board shall report the plan to the education committees of the legislature by October 1, 1993. In the event that federal money becomes available for post-secondary initiatives involving community service, the board may use this money for any state contribution required.

Subd. 4. Interstate Tuition Reciprocity

5,050,000	5,050,000
-----------	-----------

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

The higher education coordinating board is authorized to enter into a reciprocity agreement with the province of Ontario.

By February 1, 1994, the higher education coordinating board and the department of finance shall jointly report on the fiscal and policy implications of tuition reciprocity agreements to the higher education finance divisions. The report shall examine the costs to the state, the effects on Minnesota public post-secondary systems and campuses, enrollment patterns of Minnesota students in reciprocity states, and the enrollment patterns of reciprocity students in Minnesota institutions. The public post-secondary systems shall be consulted throughout the study.

Subd. 5. State Work Study

8,219,000	8,219,000
-----------	-----------

Increases in the appropriation for the state work-study program shall be used, to the extent possible, for campus work that is relevant to a student's academic program or that otherwise provides a meaningful academic experience, or for public service work in the community.

Subd. 6. Minitex Library Program

2,063,000	2,063,000
-----------	-----------

APPROPRIATIONS
Available for the Year
Ending June 30

1994 1995

Subd. 7. Telecommunications

1,750,000 3,050,000

(1) \$642,000 the first year and \$1,028,000 the second year is for the purposes of article 5, section 2.

(2) \$758,000 the first year and \$1,322,000 the second year is for grants for regional linkages in article 5, section 3.

(3) \$350,000 the first year and \$700,000 the second year is for grants for regional coordination in article 5, section 4.

The appropriations in this subdivision may be transferred among the clauses and between fiscal years.

Subd. 8. Income Contingent Loans

The higher education coordinating board shall administer an income contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine, and Minnesota residents graduating from optometry and osteopathy programs. 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 under Minnesota Statutes, section 136A.162.

Subd. 9. Balances Forward

An unencumbered balance in the first year under a subdivision in this section does not cancel but is available for the second year.

Subd. 10. Transfers

The higher education coordinating board may transfer unencumbered balances from the appropriations in this section to the state grant appropriation and the interstate tuition reciprocity appropriation.

Sec. 3. STATE BOARD OF TECHNICAL COLLEGES

Subdivision 1. Total Appropriation

165,109,000 170,525,000

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 \$225,758,000 the first year and \$234,386,000 the second year.

The technical colleges and community colleges shall ensure that a participating business or agency compensates for as much of the cost of the customized training services as possible, in the form of money or in-kind contributions. The state's share shall not exceed 50 percent of the systemwide costs of these services.

The state board of technical colleges is requested to continue its policy of assisting students who are refugees.

APPROPRIATIONS
Available for the Year
Ending June 30

1994 1995

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$1,647,000 the first year and \$1,606,000 the second year.

\$462,000 the first year and \$421,000 the second year are for debt service payments to school districts for technical college buildings financed with district bonds issued before January 1, 1979.

\$150,000 each year is for southwest Asia veterans tuition relief.

Subd. 4. State Council on Vocational Technical Education

This appropriation includes funding for the state council on vocational education.

Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES

Subdivision 1. Total Appropriation

95,751,000 104,248,000

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 \$129,095,000 the first year and \$141,698,000 the second year.

\$134,000 each year is for administrative and instructional support at the Anoka-Ramsey Community College extension center in Cambridge. The legislature intends that Cambridge continue to be operated as an extension center and not be developed into an independent college.

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$22,229,000 each year.

Sec. 5. STATE UNIVERSITY BOARD

Subdivision 1. Total Appropriation

175,399,000 179,621,000

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 \$241,285,000 the first year and \$247,587,000 the second year.

Notwithstanding Minnesota Statutes, section 136.09, subdivision 3, 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 ways and means.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

The state university board shall review the internal allocation formula used to distribute appropriations to its campuses. The legislature anticipates that the board will provide funding consistent with its overall appropriation to the Winona State University campus for the unique costs associated with upper division offerings at the Rochester center. Winona State University, in cooperation with Rochester Community College and the University of Minnesota, shall develop and implement a plan to reduce the duplication and cost of administrative and student services at the Rochester center. All savings that result from implementing the plan may be retained by the three systems in proportion to the amount that each saved, and shall be redirected to improving programs, acquiring better equipment, and improving the retention and graduation rates.

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$26,654,000 each year.

Sec. 6. BOARD OF REGENTS OF THE UNIVERSITY
OF MINNESOTA

Subdivision 1. Total Appropriation	444,966,000	462,187,000
------------------------------------	-------------	-------------

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance	362,119,000	375,980,000
-------------------------------------	-------------	-------------

(a) Instructional Expenditures

The legislature estimates that instructional expenditures will be \$385,040,000 the first year and \$405,863,000 the second year.

(b) Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$115,289,000 each year.

Subd. 3. Special Appropriation	82,847,000	86,207,000
--------------------------------	------------	------------

The amounts expended for each program in the four categories of special appropriations shall be separately identified in the 1995 biennial budget document.

(a) Agriculture and Extension Service

44,247,000	45,997,000
------------	------------

This appropriation is for the Agricultural Experiment Station and Minnesota Extension Service.

Any salary increases granted by the university to personnel paid from the Minnesota Extension appropriation must not result in a reduction of the county portion of the salary payments.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

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.

(b) Health Sciences

16,758,000

17,458,000

This appropriation is for Indigent Patients (County Papers), Rural Physicians Associates Program, Medical Research, Special Hospitals Service and Educational Offset, the Veterinary Diagnostic Laboratory, Institute for Human Genetics, and the Biomedical Engineering Center.

(c) Institute of Technology

2,911,000

3,021,000

This appropriation is for the Geological Survey, Underground Space Center, Talented Youth Mathematics Program, Microelectronics and Information Science Center, and the Productivity Center.

(d) System Specials

18,931,000

19,731,000

This appropriation is for Fellowships for Minority and Disadvantaged Students, General Research, Intercollegiate Athletics, Student Loans Matching Money, Industrial Relations Education, Natural Resources Research Institute, Sea Grant College Program, Biological Process Technology Institute, Supercomputer Institute, Center for Urban and Regional Affairs, Museum of Natural History, and the Humphrey Exhibit.

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 Education Amendments of 1972 and Minnesota Statutes, section 126.21. Of this appropriation, no less than the following amounts must be allocated to each campus:

Duluth	\$ 551,600	\$ 551,600
Morris	\$ 66,100	\$ 66,100
Crookston	\$ 65,000	\$ 65,000

Prior to selling its shares in the supercomputer center, the board of regents shall present its plan for the sale and for meeting its supercomputing needs to the higher education finance divisions. To the extent possible, the plan must ensure that the university receives a reasonable value for the public investment in the center.

APPROPRIATIONS
Available for the Year
Ending June 30

1994 1995

Sec. 7. MAYO MEDICAL FOUNDATION

Subdivision 1. Total Appropriation

808,000 840,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Medical School

504,000 493,000

The state of Minnesota shall pay a capitation of \$9,882 in the first year and \$10,270 in the second year for each student who is a resident of Minnesota. 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.

Subd. 3. Family Practice and Graduate Residency Program

304,000 347,000

The state of Minnesota provides a capitation of \$15,222 the first year and \$15,780 the second year for each student.

Sec. 8. HIGHER EDUCATION BOARD

900,000 900,000

Subdivision 1. Appropriations; Availability

The appropriation in fiscal year 1993 for the operation of the higher education board shall not cancel, but shall be available for fiscal year 1994.

Any unexpended balance remaining in the first year shall not cancel, but is available for the second year.

Subd. 2. Student Members

By July 1, 1993, the governor shall appoint one student from the state university system, one student from the community college system, and one student from the technical college system to the higher education board. The terms of the appointments shall expire June 30, 1995.

Subd. 3. Personnel

The legislature intends that the higher education board, during the biennium, rely on the expertise of personnel in the existing post-secondary systems, and elsewhere in state government to the extent possible.

Subd. 4. Task Forces; Working Groups

During the biennium, the board must include a representative of faculty and a representative of students on all task forces or working groups it establishes.

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

Sec. 9. POST-SECONDARY SYSTEMS

Subdivision 1. Library and equipment expenditures

In each year of the biennium, each post-secondary system shall spend no less on libraries and instructional equipment than in the previous biennium.

Subd. 2. Importance of Teaching

The legislature recognizes the importance of each faculty member's contributions in the classroom, and is aware of the profound effect a quality teacher has on a student's learning. The legislature encourages each board to place greater emphasis on the teaching mission at each campus.

Subd. 3. Educational Enhancements

The legislature provided full funding for each post-secondary system, using the formula contained in Minnesota Statutes, section 135A.03. The appropriation to each post-secondary governing board includes funding to enhance the quality of education in that system without placing an undue burden on students through large tuition increases. The legislature anticipates that any revenue raised from tuition increases greater than three percent of the previous year's tuition level must be used for educational enhancements.

Educational enhancements include:

(1) system initiatives to improve quality, namely, access to excellence, Q-7, student success, and campaign 2001. The legislature supports their continuation and refinement;

(2) legislative initiatives to improve quality including, but not limited to, enhancements in libraries, instructional equipment, and technology; faculty training in telecommunication instruction; development and use of courses to be delivered via telecommunication; availability and size of classes; student services; facilities; curriculum or teaching innovations; mechanisms to improve retention and timely graduation; and career information or counseling to students including information on opportunities and prospects for employment; and

(3) pilot projects to test the use of different types of performance indicators to measure educational quality. Up to two campuses in each system may be designated as pilots by the task force on post-secondary funding according to the recommendations of each chancellor. Pilots shall begin in the 1993-1994 academic year and continue into the following year. Campuses must internally reallocate money to at least match new state money for this purpose.

By January 15, 1995, each system must provide a succinct report in the 1995 biennial budget document on the results achieved through its investment in educational enhancements.

APPROPRIATIONS
Available for the Year
Ending June 30

1994

1995

Subd. 4. Post-Secondary Enrollment Options

The higher education advisory council shall examine costs and funding of students enrolled in post-secondary enrollment options courses offered by agreement between a college and a school district. The higher education advisory council shall submit recommendations to the higher education financial divisions on fair and fiscally prudent funding for these students by February 1, 1994.

Subd. 5. Title IX

Each campus with a men's varsity level hockey team and women's club level hockey shall analyze the campus responsibility for Title IX equity as it applies to this situation and shall report to the education committees by January 15, 1994.

Subd. 6. POST Board

Beginning in fiscal year 1996, money for law enforcement education that is currently provided through the POST board shall be provided through general fund appropriations to be calculated at the same initial base as the previous POST funding, except that the base adjustment for the community colleges shall be \$290,000. The legislature intends that penalty surcharge dollars under Minnesota Statutes, section 626.861, subdivision 1, shall continue to be appropriated to the POST account for other lawful purposes.

Subd. 7. Funding Mechanisms

For purposes of determining system budgets and appropriations for 1996-1997, the legislature intends to adopt new funding mechanisms in 1994.

Subd. 8. Post-secondary Appropriations for Fiscal Years
1996 and 1997

Notwithstanding any other section of Minnesota Statutes to the contrary, general fund appropriations for the University of Minnesota, the higher education board, the higher education coordinating board, and Mayo medical shall be \$2,040,000,000 for the biennium beginning July 1, 1995. Unless otherwise recommended by the future funding task force, this amount shall be allocated in equal amounts each year among these entities in proportion to their fiscal year 1995 appropriations or the fiscal year 1995 appropriations of the systems that comprise them.

The commissioner of finance shall calculate the base budget for these entities according to Minnesota Statutes, chapter 135A. If any adjustments to the base calculations are necessary in order to arrive at an appropriation of \$2,040,000,000, the commissioner shall provide clear information in the 1996-1997 biennial budget document showing those adjustments.

Sec. 10. [EFFECTIVE DATE.]

Section 2, subdivision 3, is effective the day following final enactment.

ARTICLE 2

HECB AND FINANCIAL AID

Section 1. Minnesota Statutes 1992, section 136A.02, subdivision 5, is amended to read:

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 expire and the terms, compensation, and removal of members are as provided in section 15.059, ~~except that the task force established under section 135A.05 and the advisory councils established under subdivisions 6 and 7 expire June 30, 1993.~~

Sec. 2. Minnesota Statutes 1992, section 136A.02, subdivision 6, is amended to read:

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 chancellor of ~~vocational~~ the technical education colleges, 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 June 30, 1993 1995.

Sec. 3. Minnesota Statutes 1992, section 136A.02, subdivision 7, is amended to read:

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 college 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) appoint student members to board advisory groups as provided in subdivision 5a;
- (5) provide any reasonable assistance to the board; and

(6) 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 June 30, 1993 1995.

Sec. 4. Minnesota Statutes 1992, section 136A.0411, is amended to read:

136A.0411 [COLLECTING FEES.]

The board may charge fees for seminars, conferences, workshops, services, and materials. The board may collect fees for registration and licensure of private institutions under sections 136A.61 to 136A.71 and chapter 141. The money is annually appropriated to the board.

Sec. 5. Minnesota Statutes 1992, section 136A.08, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZATION.] The Minnesota higher education coordinating board, in consultation with the commissioner of finance and each affected public post-secondary board, may enter into agreements, on subjects that include remission of nonresident tuition for designated categories of students at public post-secondary institutions, with appropriate state or provincial agencies and public post-secondary institutions in other states or provinces. The agreements shall be for the purpose of the mutual improvement of educational advantages for residents of this state and other states or provinces with whom agreements are made.

Sec. 6. Minnesota Statutes 1992, section 136A.08, subdivision 6, is amended to read:

Subd. 6. [APPROVAL.] An agreement made by the board under this section is not valid as to a particular institution without the approval of that institution's state or provincial governing board. A valid agreement under this subdivision that incurs additional financial liability to the state or to any of the Minnesota public post-secondary boards, beyond enrollment funding adjustments, must be submitted to the commissioner of finance and to the chairs of the higher education finance divisions of the senate finance and house appropriations committees for review. The agreement remains valid unless it is disapproved in law.

Sec. 7. Minnesota Statutes 1992, section 136A.101, subdivision 1, is amended to read:

Subdivision 1. For purposes of sections 136A.095 to ~~136A.134~~ 136A.132, the terms defined in this section have the meanings ascribed to them.

Sec. 8. Minnesota Statutes 1992, section 136A.101, subdivision 7, is amended to read:

Subd. 7. ~~Until June 30, 1993, "student" means a person who is enrolled at least half time in a program or course of study that applies to a degree, diploma, or certificate, except that for purposes of section 136A.132, student may include a person enrolled for at least three credits per quarter or semester, or the equivalent, but less than half time.~~

Beginning July 1, 1993, "Student" means a person who is enrolled for at least three credits per quarter or semester, or the equivalent, in a program or course of study that applies to a degree, diploma, or certificate. Credit equivalencies assigned by an institution that are applicable to federal Pell grant calculations shall be counted as part of a student's credit load.

Sec. 9. Minnesota Statutes 1992, section 136A.121, subdivision 6, is amended to read:

Subd. 6. [COST OF ATTENDANCE.] (a) The cost of attendance consists of allowances specified by the board for room and board and miscellaneous expenses, and

(1) for public institutions, tuition and fees charged by the institution; or

(2) for private institutions, an allowance for tuition and fees equal to the lesser of the actual tuition and fees charged by the institution, or the instructional costs per full-year equivalent student in comparable public institutions.

(b) For the purpose of paragraph (a), clause (2), "comparable public institutions" to both two- and four-year, private, residential, liberal arts, degree-granting colleges and universities must be the same.

(c) For a student attending less than full time, the board shall prorate the cost of attendance to the actual number of credits for which the student is enrolled.

Sec. 10. Minnesota Statutes 1992, section 136A.121, subdivision 9, is amended to read:

Subd. 9. [INITIAL AWARDS.] An undergraduate student ~~who has not previously received a grant and~~ who meets the board's requirements is eligible to apply for and receive ~~an initial a~~ grant in any year of undergraduate study unless the student has obtained a baccalaureate degree or previously has been enrolled full time or the equivalent for eight semesters or 12 quarters.

Sec. 11. [136A.122] [AKITA GRANTS.]

The higher education coordinating board may provide grants to Minnesota resident students participating in the Akita program. Grants must be awarded on the same basis as other state grants, except that the cost of attendance must be adjusted to incorporate the state university tuition level and the Akita fee level. An individual grant must not exceed the state grant maximum award for a student at a four-year private college.

Sec. 12. Minnesota Statutes 1992, section 136A.1353, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools, colleges, or programs of nursing applying to participate in the nursing grant program based on the last academic year's enrollment of students in educational programs that would lead to licensure as a registered nurse. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools, colleges, or programs of nursing. ~~Initial applications are due by January 1 of each year. By June 30 of each year, the board shall notify each applicant school, college, or program of nursing of its approximate allocation of funds in order to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute funds to the schools, colleges, or programs of nursing by August 1 of each year. Interested schools, colleges, or programs of nursing education must complete and return the annual participation request form provided by the board.~~

Sec. 13. Minnesota Statutes 1992, section 136A.1354, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools or colleges of nursing, or programs of advanced nursing education, applying to participate in the nursing grant program based on the last academic year's enrollment of registered nurses in schools or colleges of nursing, or programs of advanced nursing education. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools or colleges of nursing, or programs of advanced nursing education. ~~Initial applications are due by January 1 of each year. By June 30 of each year, the board shall notify each applicant school or college of nursing, or program of advanced nursing education, of its approximate allocation of money to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute money to the schools or colleges of nursing, or programs of advanced nursing education, by August 1 of each year. Interested schools, colleges, or programs of advanced nursing education must complete and return the annual participation request form provided by the board.~~

Sec. 14. [136A.1358] [GRANTS FOR NURSING STUDENTS WHO ARE PERSONS OF COLOR.]

Subdivision 1. [ESTABLISHMENT.] A nursing grant program is established under the authority of the higher education coordinating board to provide grants to students who are persons of color who are entering or enrolled in an educational program that leads to licensure as a registered nurse.

Subd. 2. [ELIGIBILITY.] To be eligible to receive a grant, a student shall be:

- (1) a citizen of the United States;
- (2) a resident of the state of Minnesota;
- (3) an Asian Pacific-American, African-American, American Indian, or Hispanic-American (Latino, Chicano, or Puerto Rican);
- (4) entering or enrolled in a nursing program in Minnesota that leads to licensure as a registered nurse; and

(5) eligible under any additional criteria established by the school, college, or program of nursing in which the student is enrolled. Students applying for a grant must be willing to practice in Minnesota for at least three years following licensure.

The grant must be awarded for one academic year but is renewable for a maximum of six semesters or nine quarters of full-time study, or their equivalent.

Subd. 3. [RESPONSIBILITY OF NURSING PROGRAMS.] Each school, college, or program of nursing that wishes to participate in the student nursing grant program shall apply to the higher education coordinating board for grant money, according to policies established by the board. A school, college, or program of nursing shall establish criteria to use in awarding the grants. The criteria must include consideration of the likelihood of a student's success in completing the nursing educational program and must give priority to students with the greatest financial need. Grants must be \$2,500 per year. Each school, college, or program of nursing shall agree that the money awarded through this grant program must not be used to replace any other grant or scholarship money for which the student would be otherwise eligible.

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute money each year to Minnesota schools, colleges, or programs of nursing that lead to licensure as a registered nurse. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools, colleges, or programs of nursing.

Sec. 15. Minnesota Statutes 1992, section 136A.1701, subdivision 4, is amended to read:

Subd. 4. [TERMS AND CONDITIONS OF LOANS.] The board may loan money upon such terms and conditions as the board may prescribe. The principal amount of a loan to an undergraduate student for a single academic year may shall not exceed \$4,000 \$6,000. The aggregate principal amount of all loans made under this section to an undergraduate student may shall not exceed \$16,000 \$25,000. The principal amount of a loan to a graduate student for a single academic year shall not exceed \$6,000 \$9,000. The aggregate principal amount of all loans made under this section to a student as a graduate student shall not exceed \$25,000 \$40,000.

Sec. 16. Minnesota Statutes 1992, section 136A.1701, is amended by adding a subdivision to read:

Subd. 9a. The board shall develop an appeals process for recipients of loans made under this section who believe there is an unresolved error in the servicing of the loan. The board shall provide recipients with a description of the appeals process.

Sec. 17. Minnesota Statutes 1992, section 136A.233, is amended to read:

136A.233 [WORK-STUDY GRANTS.]

Subdivision 1. [ALLOCATION TO INSTITUTIONS.] The higher education coordinating board may offer shall allocate work-study grants money 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 participate in the work-study grant shall program must 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. 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 that 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 136A.233, the words defined in this subdivision have the meanings ascribed to them.

(a) "Eligible student" means a Minnesota resident enrolled or intending to enroll full-time at least half time as defined in section 136A.101, subdivision 7b, in a degree, diploma, or certificate program in a Minnesota post-secondary institution.

(b) "Minnesota resident" means a student who meets the conditions 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.

(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.

(e) "Eligible post-secondary institution" means any post-secondary institution eligible for participation in the Minnesota state grant program as specified in section 136A.101, subdivision 4.

(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 provided in this subdivision.

(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.~~ In selecting students for participation, priority must be given to students enrolled for at least 12 credits.

(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) An eligible employer shall pay at least 30 percent of the student's compensation. The board shall annually establish a minimum percentage rate of student compensation to be paid by an eligible employer.~~

(f) Each post-secondary institution receiving money for state work-study grants shall make a reasonable effort to place work-study students in employment with eligible employers outside the institution. However, a public employer other than the institution may not terminate, lay-off, or reduce the working hours of a permanent employee for the purpose of hiring a work-study student, or replace a permanent employee who is on layoff from the same or substantially the same job by hiring a work-study student.

(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. 18. Minnesota Statutes 1992, section 136A.653, subdivision 1, is amended to read:

Subdivision 1. A school ~~which does not grant a degree and which~~ that is subject to licensing by the state board of education pursuant to under chapter 141, is exempt from the provisions of sections 136A.61 to 136A.71. The determination of the ~~commissioner of education board~~ as to whether a particular school is subject to regulation under chapter 141 is final for the purposes of this exemption.

Sec. 19. Minnesota Statutes 1992, section 136A.69, is amended to read:

136A.69 [FEES.]

The board may collect reasonable registration fees not to exceed ~~\$400~~ \$450 for an initial registration of each school and ~~\$250~~ \$350 for each annual renewal of an existing registration.

Sec. 20. Minnesota Statutes 1992, section 136A.87, is amended to read:

136A.87 ~~[ASPECTS OF THE PROGRAM PLANNING INFORMATION.]~~

~~Subdivision 1. [ASSESSMENT INSTRUMENTS AND QUESTIONNAIRES.] The program shall provide for administration of education and career assessment instruments and questionnaires to residents in grades 8 through 12, and to adults. The board shall determine the instruments and questionnaires that are appropriate to serve the purposes of sections 136A.85 to 136A.88.~~

~~Subd. 2. [HIGH SCHOOL ASSESSMENTS.] The program shall provide for administration of educational measurement instruments and questionnaires to high school students before their senior year. At least the following may be included:~~

- ~~(1) an aptitude assessment for students anticipating entry to collegiate programs;~~
- ~~(2) an inventory of interests, career directions, background information, and education plans; and~~
- ~~(3) a preliminary mathematics placement test to aid in future course selections, and, as determined appropriate by the board, preliminary placement tests in other subjects.~~

~~Subd. 3. [PROVIDING INFORMATION.] The board shall make available to all residents from 8th grade through adulthood information about planning and preparing for post-secondary opportunities. Information must be provided to all 8th grade students and their parents by January 1 of each year about the need to plan for their post-secondary education. The board may also provide information to high school students and their parents, to adults, and to out-of-school youth. The information provided may include the following:~~

- ~~(1) the need to start planning early;~~
- ~~(2) the availability of assistance in educational planning from educational institutions and other organizations;~~
- ~~(3) suggestions for studying effectively during high school;~~
- ~~(4) high school courses necessary to be adequately prepared for post-secondary education;~~
- ~~(5) encouragement to involve parents actively in planning for all phases of education;~~
- ~~(6) information about post-high school education and training opportunities existing in the state, their respective missions and expectations for students, their preparation requirements, admission requirements, and student placement;~~
- ~~(7) ways to evaluate and select post-secondary institutions;~~
- ~~(8) the process of transferring credits among Minnesota post-secondary institutions and systems;~~
- ~~(9) the costs of post-secondary education and the availability of financial assistance in meeting these costs;~~
- ~~(10) the interrelationship of assistance from student financial aid, public assistance, and job training programs; and~~
- ~~(11) financial planning for education beyond high school.~~

~~Subd. 4. [DATA BASE.] A data base of information from the program's assessments and services shall be maintained to:~~

- ~~(1) provide individual reports of results to the students, high schools in which students are enrolled, and, if authorized by the students, post-secondary educational institutions; and~~
- ~~(2) provide annual statewide summary reports of results to high schools, post-secondary institutions, the department of education, the chairs of the education, higher education, appropriations and finance committees of the legislature, and the governor.~~

~~Subd. 5. [COORDINATION.] The board shall coordinate efforts and develop additional methods of providing information, guidance, and testing services to out of school youth and adults.~~

Sec. 21. Minnesota Statutes 1992, section 141.25, subdivision 8, is amended to read:

Subd. 8. [FEES AND TERMS OF LICENSE.] (a) Applications for initial license under sections 141.21 to 141.36 shall be accompanied by ~~\$560~~ \$650 as a nonrefundable application fee.

(b) All licenses shall expire ~~on December 31 of each year~~ one year from the date issued by the board. Each renewal application shall be accompanied by a nonrefundable renewal fee of ~~\$430~~ \$650.

(c) Application for renewal of license shall be made ~~on or before October 1 of each calendar year~~ at least 30 days before the expiration of the school's current license. Each renewal form shall be supplied by the board. It shall not be necessary for an applicant to supply all information required in the initial application at the time of renewal unless requested by the board.

Sec. 22. Minnesota Statutes 1992, section 141.26, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED.] A solicitor representing a school must obtain a solicitor's permit from the board before soliciting students to enroll in such school. Such permit shall expire ~~on December 31~~ one year following the date of issuance. Application for renewal of permit shall be made ~~on or before November 15 of each calendar year~~ annually.

Sec. 23. Minnesota Statutes 1992, section 141.26, subdivision 5, is amended to read:

Subd. 5. [FEE.] The initial and renewal application for each permit shall be accompanied by a nonrefundable fee of ~~\$210~~ \$250.

Sec. 24. [FINANCIAL AID TASK FORCE.]

Subdivision 1. [PURPOSE.] A task force is established to study and make recommendations on Minnesota's system of financial aid, focusing particularly on the state grant program. The purpose of the task force is to evaluate state financial aid policy, examine alternative policies, and recommend changes to the legislature. The task force shall consider current resource constraints among other factors.

Subd. 2. [MEMBERSHIP.] The speaker of the house and the subcommittee on committees of the committee on rules and administration of the senate shall each appoint four members, including representatives of public and private post-secondary systems and campuses. The governor shall appoint two public members and two students, at least one of whom must be a public college student.

Subd. 3. [SUPPORT.] The higher education coordinating board shall provide technical and clerical support to the task force as determined by the task force. The task force, through the board, may contract for consulting services, but is not subject to the provisions of Minnesota Statutes, chapter 16B.

Subd. 4. [CONTENT OF STUDY.] The task force shall consider whether Minnesota's financial aid program, as it operates in conjunction with the federal Pell grant program, is meeting the state goal of removing economic barriers to education for economically disadvantaged citizens of the state. The task force shall further consider whether the state program needs to be made more progressive and, if so, whether this should be accomplished through adjustments to the shared responsibility policy or adoption of a new policy. The study additionally shall consider the advantages and disadvantages of linking the state grant program to federal policies and programs. The task force also shall consider effective ways to integrate grants, loans, work-study, and other aid to create aid packages for students and to deliver different types of aid to students with different needs. Finally, the task force shall consider efficient ways to deliver aid to students, including more rapid decentralization to the campus level.

Subd. 5. [REPORT.] The task force shall report its findings and recommendations to the education committees of the legislature by February 1, 1994. The task force shall expire on June 30, 1994.

Sec. 25. [GRANTS TO NURSING PROGRAMS FOR PERSONS OF COLOR.]

Subdivision 1. [ESTABLISHMENT.] A pilot grant program is established under the authority of the higher education coordinating board to provide grants to Minnesota schools, colleges, and other institutions that offer programs of nursing, to fund initiatives designed to ensure the recruitment and retention of nursing students who are Asian-Pacific, African-American, American Indian, or Hispanic American (Latino, Chicano, or Puerto Rican).

Subd. 2. [ELIGIBILITY.] To be eligible to receive a grant, an applicant must:

(1) be a Minnesota school, college, or program of nursing that offers educational programs leading to licensure as a registered nurse;

(2) have in place a program of activities that provides faculty with knowledge of the history, practices, and health needs of persons of color; and

(3) have in place a program advisory panel, a majority of whom are persons of color.

Subd. 3. [RESPONSIBILITY OF NURSING PROGRAMS.] Each school, college, or program of nursing that wishes to participate in the grant program shall apply to the higher education coordinating board for grant money, according to policies established by the board. Each applicant shall outline the specific programs it intends to implement and demonstrate the likelihood that those programs will result in increased recruitment and retention of students who are persons of color.

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The board shall establish an application process for interested schools, colleges, or programs of nursing.

The board shall establish written criteria to use in awarding the grants. The criteria must include consideration of whether:

(1) the proposed program is likely to actually increase the recruitment and retention of nursing students who are persons of color;

(2) the proposed program creates a support network for persons of color;

(3) the nursing program employs persons of color on its staff and faculty;

(4) the proposed program has initiatives to reach persons of color while still in high school; and

(5) the proposed program establishes a mentoring program for nursing students who are persons of color.

The board shall establish written guidelines to ensure that grants are used only for board-approved initiatives. The board shall provide the written guidelines to grant recipients at the time it distributes the money. The board shall require each grant recipient to report to the board on its program activity and use of grants.

Sec. 26. [REPEALER.]

Minnesota Statutes 1992, sections 136A.121, subdivision 10; 136A.134; 136A.234; 136A.70; and Laws 1991, chapter 356, article 8, section 23, are repealed.

Sec. 27. [EFFECTIVE DATE.]

Section 15 is effective immediately for applicants for loans for enrollment periods beginning after July 1, 1993.

ARTICLE 3

POST-SECONDARY SYSTEMS

Section 1. Minnesota Statutes 1992, section 3.9741, is amended to read:

3.9741 [COST OF EXAMINATION, BILLING, PAYMENT.]

Subdivision 1. [METROPOLITAN COMMISSION.] Upon the audit of the financial accounts and affairs of a commission under section 473.413, 473.595, 473.604, or 473.703, the affected metropolitan commission is liable to the state for the total cost and expenses of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The legislative auditor may bill the metropolitan commission either monthly or at the completion of the audit. All collections received for the audits must be deposited in the general fund.

Subd. 2. [POST-SECONDARY EDUCATION BOARD.] The legislative auditor may enter into an interagency agreement with the community college board, state university board, or the state board of technical colleges to conduct financial audits, in addition to audits conducted under section 3.972, subdivision 2.

Sec. 2. Minnesota Statutes 1992, section 16A.127, subdivision 8, is amended to read:

Subd. 8. [EXEMPTION.] (a) Except for the costs of the legislative auditor to conduct financial audits of federal funds, this section does not apply to the community college system board, state universities university board, or the state board of technical colleges. Indirect cost receipts attributable to financial audits conducted by the legislative auditor of federal funds administered by these post-secondary education boards shall be deposited in the general fund.

(b) Except for federal funds, this section does not apply to the department of natural resources for agency indirect costs.

Sec. 3. Minnesota Statutes 1992, 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 June 30, 1993 1995.

Sec. 4. Minnesota Statutes 1992, section 135A.03, subdivision 7, is amended to read:

Subd. 7. [RESIDENCY RESTRICTIONS.] In calculating student enrollment for appropriations, only the following may be included:

(1) students who resided in the state for at least one calendar year prior to applying for admission or dependent students whose parent or legal guardian resides in Minnesota at the time the student applies;

(2) Minnesota residents who can demonstrate that they were temporarily absent from the state without establishing residency elsewhere;

(3) residents of other states who are attending a Minnesota institution under a tuition reciprocity agreement; and

(4) students who have been in Minnesota as migrant farmworkers, as defined in Code of Federal Regulations, title 20, section 633.104, over a period of at least two years immediately before admission or readmission to a Minnesota public post-secondary institution, or students who are dependents of such migrant farmworkers.

Sec. 5. Minnesota Statutes 1992, section 135A.06, subdivision 1, is amended to read:

Subdivision 1. [PLANNING REPORTS.] It is the intention of the legislature that the planning efforts of the public post-secondary education systems be summarized and reported to the legislature. It is the further intention that the system missions be differentiated from one another to best serve the needs of the citizens of Minnesota. To accomplish these goals, the University of Minnesota board of regents, the state university board, the state board for community colleges, and the state board of technical colleges shall each submit to the governor and the legislature on December 1 of each even-numbered year a planning report for its system. The report shall contain the mission of the system and short- and long-range plans for programs, staff, and facilities. ~~It shall specify the mission and plans for two, five, and ten years. The assumptions used in developing the plans shall be included. The report shall also include plans for and progress toward achieving mission differentiation while maintaining the state's overall post-secondary objectives.~~

Sec. 6. Minnesota Statutes 1992, section 135A.061, is amended to read:

135A.061 [INTERSYSTEM COUNCIL.]

An intersystem council is established to improve communications among post-secondary systems on relevant policy issues. The council is composed of officers or other representatives of each public post-secondary governing board ~~and of the higher education coordinating board. The council chair shall be rotated among the systems each year, corresponding to the rotation of the chair of the higher education advisory council.~~ The council shall ~~determine its meeting times but shall~~ meet at least twice each year. Members shall report on discussions and actions of the council to their respective governing boards. The council shall determine its agenda from issues that affect more than one

system. These may include: transfer of credit, efficiency of campus and system operations, duplication of programs and courses, mission delineation, cooperative arrangements, academic quality initiatives, and the effects of a system's proposed plans on the other systems. ~~The council shall notify the chairs of the education, appropriations, and finance committees of the legislature in advance of its meetings.~~

Sec. 7. Minnesota Statutes 1992, section 136C.15, is amended to read:

136C.15 [STUDENT ASSOCIATIONS.]

Every school board governing a technical college shall give recognition as an authorized extracurricular activity to a technical college student association affiliated with the Minnesota ~~vocational~~ technical college 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 college 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 recreational, social, welfare, charitable, and educational activities approved by the student association. The money in the fund is not public money.

Sec. 8. Minnesota Statutes 1992, section 136C.61, subdivision 7, is amended to read:

Subd. 7. [MEETINGS.] Notwithstanding any law to the contrary, the joint board may hold meetings at any location convenient to the member districts and the public, whether or not that meeting site is located within the boundaries of a member district. The joint board may also conduct meetings ~~via interactive television~~ by means of telecommunications if the board complies with section 471.705 in each location where board members are present. The joint board shall establish and maintain a schedule of the time and place of its meetings and shall give notice of regular and special meetings in the same manner as required for other public bodies.

Sec. 9. [137.41] [INDIRECT COST RECOVERIES.]

Indirect cost recovery money received by the University of Minnesota must be used exclusively for the direct support of research or the financing of support activities directly contributing to the receipt of indirect cost recovery money. It may be used for debt retirement for research-related buildings. It may not be used for teaching or service.

Sec. 10. Laws 1990, chapter 591, article 3, section 10, as amended by Laws 1991, chapter 356, article 3, section 13, is amended to read:

Sec. 10. [CONDITIONS.]

(a) The state university board, the state board for community colleges, the state board of vocational technical education, and their respective campuses must not enter into new long-term lease arrangements for facilities, significantly increase the course offerings at off-campus sites, enter any 2 + 2 arrangements, or significantly increase staffing levels for off-campus sites between the effective date of this section and the end of the ~~1992-1993~~ 1994-1995 academic year. A current long-term lease may be renewed if it expires during this period. The board of regents is requested to abide by these conditions until the end of the ~~1992-1993~~ 1994-1995 academic year.

(b) This section does not apply to actions of Metropolitan State University that are part of its plan to consolidate its sites in the seven-county metropolitan area. The state university board shall consult with the chairs of the house appropriations and senate finance committees in carrying out its plans. For purposes of this paragraph, "plan to consolidate" does not include entering into any 2 + 2 arrangements.

Sec. 11. Laws 1991, chapter 356, article 6, section 4, as amended by Laws 1992, chapter 513, article 1, section 25, is amended to read:

Subd. 3a. [CURRENT EMPLOYEES.] It is the policy of the state of Minnesota that restructuring of peace officer education be accomplished while ensuring that fair and equitable arrangements are carried out to protect the interests of higher education system employees, and while facilitating the best possible service to the public. The affected governing boards shall make every effort to train and retrain existing employees full-time law enforcement training center administrators for a changing work environment.

Options presented to employees full-time law enforcement training center administrators whose positions might be eliminated by integrating peace officer education programs must include, but not be limited to, job and training opportunities necessary to qualify for another job within their current institution or a similar job in another institution. This subdivision shall expire on December 31, 1993.

Sec. 12. [SHARED STUDENT SERVICES.]

To improve the efficient delivery of services to students and to reduce unnecessary expenditures, each technical college and community college, located in the same or nearby communities, as provided in Laws 1983, chapter 258, section 64, subdivision 1, shall jointly develop a plan to consolidate, to the extent possible, administrative positions and the delivery of noninstructional and administrative services including, but not limited to, bookstores, food services, financial aid, registration and records, parking services, libraries, and counseling.

Each joint plan shall be submitted to the higher education board, the state board for community colleges, and the state board of technical colleges by December 31, 1993. The state boards shall jointly submit an integrated plan to the education committees of the legislature by February 15, 1994, that includes proposals to redirect savings from shared services to instruction at the co-located campuses.

Sec. 13. [EMPLOYEE PROVISIONS.]

During the biennium, the legislature intends that any layoffs at post-secondary institutions be distributed equitably between management/supervisory personnel and line/support personnel. Where restructuring and retrenchment may involve a decrease in existing positions, institutions shall assist employees in finding suitable employment through such options as training and retraining opportunities. Nothing in this section shall be construed as diminishing any rights defined in collective bargaining agreements under Minnesota Statutes, chapter 179A.

Sec. 14. [PERFORMANCE MEASURES.]

Subdivision 1. [TECHNICAL COLLEGES.] For budget considerations in 1995, the technical college board shall:

(1) report to the education committees on administrator/instructor ratios for each technical college for fiscal years 1992, 1993, 1994, and 1995;

(2) report the actual placement rate, which should be no less than 60 percent for each program at each campus over a two-year period; and

(3) report how savings from a campus initiated program closure are reallocated.

Subd. 2. [COMMUNITY COLLEGES.] For budget considerations in 1995, the community college board shall:

(1) report the process used to evaluate occupational programs with a less than 60 percent placement rate;

(2) report the number and percent of students transferring to four-year colleges and universities, the percent retained one year later, and their academic success.

Subd. 3. [COMMUNITY COLLEGES AND TECHNICAL COLLEGES.] For budget considerations in 1995, the community college and technical college board shall report jointly on:

(1) their plans regarding duplicative programs at co-located campuses; and

(2) the process used to reduce duplicative nonhealth occupational programs, that are less than 35 miles apart, with student-teacher ratios below 15-1 for the courses offered in that program.

Subd. 4. [STATE UNIVERSITIES.] For budget considerations in 1995, the state university board shall report on its success in increasing:

(1) the number of students of color who graduate; and

(2) the percentage of graduates who have completed a senior project or other capstone experience.

Sec. 15. [FEE STATEMENT.]

Beginning in the 1993-1994 academic year, fee statements at all public post-secondary campuses shall indicate the state-paid portion of the cost of an average student's education in that system by including the following statement: "Tuition pays for approximately ... % of the cost of a student at a public college. The State of Minnesota pays approximately \$..... of the average cost for full-time students."

Sec. 16. [EFFECTIVE DATE.]

Section 4 is effective the day following final enactment.

ARTICLE 4

ENDOWMENT FOR SCHOLARSHIP, RESEARCH, AND CHAIRS

Section 1. Minnesota Statutes 1992, section 137.022, subdivision 3, is amended to read:

Subd. 3. [ENDOWED CHAIRS CHAIR ACCOUNT.] (a) For purposes of this section, the permanent university fund has three accounts. The sources of the money in the endowed mineral research and scholarship accounts are set out in paragraph (b) and subdivision 4. All money in the fund that is not otherwise allocated is in the endowed chair account. The income from the permanent university fund endowed chair account must be used, and capital gains of the fund allocated to that account may be used, to provide endowment support for professorial chairs in academic disciplines. The endowment support for the chairs from the income and the capital gains must not total more than six percent per year of the 36-month trailing average market value of the endowed chair account of the fund, as computed quarterly or otherwise as directed by the regents. The endowment support from the income and the capital gains must not provide more than half the sum of the endowment support for all chairs endowed, with nonstate sources providing the remainder. The endowment support from the income and the capital gains may provide more than half the endowment support of an individual chair.

(b) If any portion of the annual appropriation of the income is not used for the purpose purposes specified in paragraph (a) or subdivision 4, that portion lapses and must be added to the principal of the three accounts of the permanent university fund in proportion to the market value of each account.

Sec. 2. Minnesota Statutes 1992, section 137.022, is amended by adding a subdivision to read:

Subd. 4. [MINERAL RESEARCH; SCHOLARSHIPS.] (a) All income credited after July 1, 1992, to the permanent university fund from royalties for mining under state mineral leases from and after July 1, 1991, must be allocated as provided in this subdivision.

(b)(1) Fifty percent of the income, up to \$25,000,000, must be credited to the mineral research account of the fund to be allocated for the Natural Resources Research Institute-Duluth and Coleraine facilities, for mineral and mineral-related research including mineral-related environmental research; and

(2) The remainder must be credited to the endowed scholarship account of the fund for distribution annually for scholastic achievement as provided by the board of regents to undergraduates enrolled at the University of Minnesota who are resident students as defined in section 136A.101, subdivision 8.

(c) The annual distribution from the endowed scholarship account must be allocated to the various campuses of the University of Minnesota in proportion to the number of undergraduate resident students enrolled on each campus.

(d) The board of regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the dispersal of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

(e) Capital gains and losses and portfolio income of the permanent university fund must be credited to its three accounts in proportion to the market value of each account.

(f) The endowment support from the income and capital gains of the endowed mineral research and endowed scholarship accounts of the fund must not total more than six percent per year of the 36-month trailing average market value of the account from which the support is derived.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective retroactively to July 1, 1992, for income and allocations into the three accounts of the permanent university fund and July 1, 1993, for distributions from the endowed mineral research account and endowed scholarship accounts of the fund.

ARTICLE 5
TELECOMMUNICATIONS

Section 1. [PURPOSE.]

The purpose of sections 1 to 4 is to expand the availability of a broad range of courses and degrees to students throughout the state to improve access, quality, and efficiency by enhancing and expanding the use of telecommunications and other instructional technologies.

Sec. 2. [TELECOMMUNICATIONS COUNCIL.] An instructional telecommunications council shall be established and composed of: two representatives selected by each public higher education system, a representative of the higher education board, a regional telecommunications coordinator, one member of the senate appointed by the subcommittee on committees of the committee on rules and administration, one member of the house of representatives appointed by the speaker, one private college representative selected by the Minnesota private college council, a representative of the information policy office of the department of administration, the commissioner of education or designee to represent K-12 education, and one higher education coordinating board representative. The council shall:

(1) develop a statewide vision and plans for the use of distance learning technologies and provide leadership in implementing the use of such technologies;

(2) develop educational policy relating to telecommunications;

(3) determine priorities for use;

(4) oversee coordination with campuses, K-12 education, and regional educational telecommunications;

(5) require the use of the statewide telecommunications access and routing system where operationally, technically, and economically feasible in order to maximize the state's telecommunication resources; and

(6) determine priorities for grant funding proposals.

The council shall consult with representatives of the telecommunication industry in implementing this subdivision.

Sec. 3. [REGIONAL LINKAGES.]

Subdivision 1. [GRANTS.] The higher education coordinating board shall award grants to regional organizations of higher education institutions to establish or complete telecommunications links among campuses in a region and among campuses in different regions.

The regional organizations shall use the statewide telecommunications access and routing system where operationally, technically, and economically feasible in order to maximize the state's telecommunication resources.

Subd. 2. [APPLICATION PROCESS.] The higher education coordinating board shall develop and publicize the process by which regional organizations may apply for grants. The instructional telecommunications council shall review and comment on the proposals.

Subd. 3. [CRITERIA.] The higher education coordinating board shall evaluate proposals using the following criteria:

(1) evidence of cooperative arrangements with other post-secondary institutions and school districts in the geographic region;

- (2) plans for shared classes and programs;
- (3) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;
- (4) evidence of a formal governing structure; and
- (5) a plan to assume the ongoing costs following the initial development for the continued operation of the project.

Sec. 4. [REGIONAL COORDINATION.]

Subdivision 1. [GRANTS.] The higher education coordinating board shall award grants to regional organizations of higher education institutions to coordinate and manage regional telecommunications arrangements.

Subd. 2. [APPLICATION PROCESS.] The higher education coordinating board shall develop and publicize the process by which regional organizations may apply for grants. The instructional telecommunications council shall review and comment on the proposals.

Subd. 3. [CRITERIA.] The higher education coordinating board shall evaluate proposals using the following criteria:

- (1) evidence of cooperative arrangements with other post-secondary institutions and school districts in the geographic region;
- (2) plans for shared classes and programs;
- (3) avoidance of program and course duplication;
- (4) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;
- (5) a plan for development of a list of all courses available in the region for delivery at a distance;
- (6) a plan for coordinating and scheduling courses;
- (7) a plan for evaluation of costs, access, and outcomes; and
- (8) a plan to assume the ongoing costs following the initial development for the continued operation of the project.

Sec. 5. [EVALUATION.]

The higher education coordinating board shall evaluate the results of the grants provided under sections 3 and 4 and make recommendations to the legislature and governor regarding future funding, the success rate of the various grants, and other relevant information by January 15, 1995.

Sec. 6. [GRANT LIMITATIONS; PROPOSALS.]

All grants shall be used for direct costs only and shall not include indirect costs. The higher education coordinating board shall advise grant applicants that money used for regional linkages in section 3 and regional coordination in section 4 are for pilot projects. State money for the pilot projects shall be 90 percent of costs.

ARTICLE 6

FARMER-LENDER MEDIATION SERVICES

Section 1. Minnesota Statutes 1992, section 583.24, subdivision 4, is amended to read:

Subd. 4. [DEBTS.] The farmer-lender mediation act does not apply to a debt:

(1) for which a proof of claim form has been filed in bankruptcy by a creditor or that was listed as a scheduled debt, of a debtor who has filed a petition in bankruptcy after July 1, 1987, under United States Code, title 11, chapter 7, 11, 12, or 13;

(2) if the debt was in default when the creditor received a mediation proceeding notice under the farmer-lender mediation act and the creditor filed a claim form, the debt was mediated during the mediation period under section 583.26, subdivision 8, and (i) the mediation was unresolved; or (ii) a mediation agreement with respect to that debt was signed;

(3) for which the creditor has served a mediation notice, the debtor has failed to make a timely request for mediation, and within 45 60 days after the debtor failed to make a timely request the creditor began a proceeding to enforce the debt against the agricultural property of the debtor;

(4) for which a creditor has received a mediation proceeding notice and the creditor and debtor have restructured the debt and have signed a separate mediation agreement with respect to that debt; or

(5) for which there is a lien for rental value of farm machinery under section 514.661 or a lien for rental value relating to a contract for deed subject to the farmer-lender mediation act under section 559.2091.

Sec. 2. Laws 1986, chapter 398, article 1, section 18, as amended by Laws 1987, chapter 292, section 37, Laws 1989, chapter 350, article 16, section 8, Laws 1990, chapter 525, section 1, and Laws 1991, chapter 208, section 2, is amended to read:

Sec. 18. [REPEALER.]

Sections 1 to 17 and Minnesota Statutes, section 336.9-501, subsections (6) and (7), and sections 583.284, 583.285, 583.286, and 583.305, are repealed on July 1, 1993 1995.

ARTICLE 7

STUDENT HOUSING

Section 1. [VERMILION COMMUNITY COLLEGE STUDENT HOUSING.]

The state board for community colleges may acquire a site and construct, own, operate, furnish, and maintain one or more dormitories or other student residence facilities at Ely for the use and benefit of Vermilion Community College. Selection of a designer for the project is not subject to Minnesota Statutes, section 16B.33, subdivision 4. The higher education facilities authority may issue revenue bonds or other financial instruments for the facilities under Minnesota Statutes, sections 136A.25 to 136A.42, and the state board for community colleges may borrow the proceeds of the revenue bonds or other financial instruments to finance the acquisition, construction, and equipping of the student housing facilities. The board may enter into agreements and pledge revenues of the facilities as may be necessary to provide security for the bonds and may mortgage the financed facilities to the higher education facilities authority or to a trustee for the bondholders if considered necessary by the board or the authority for the successful marketing of the bonds. The state board for community colleges shall establish, maintain, revise when necessary, and collect rates and charges for the use of the student housing facilities. The rates and charges must be sufficient, as estimated by the board, to pay all expenses of operation and maintenance of the facilities, to pay principal of, and interest on, revenue bonds or other obligations or instruments when due, and to pay customary fees and charges of the higher education facilities authority and to establish and maintain the reserve funds that the board considers

necessary for repair, replacement, and maintenance of the facilities. Funds and accounts established in furtherance of these purposes are not subject to Minnesota Statutes, section 136.67, subdivision 2, and are not subject to the budgetary control of the commissioner of finance. The board shall never be obligated to use other revenues of the board or funds of the state to pay the costs of construction, operation, maintenance, and repair of the facilities or to pay principal of and interest on obligations issued for these purposes. Notwithstanding any other law or rule or the city charter, the city of Ely may, without complying with the procedures set forth in Minnesota Statutes, chapter 475, guarantee all or any part of the loan repayment obligation of the board to the authority, by pledging its full faith and credit and taxing power. The guarantee is not subject to any limitation on net debt of the city, and taxes required to make any payment under the guarantee may be levied without limit as to rate or amount.

ARTICLE 8

SOUTHWEST ASIA VETERANS TRAINING

Section 1. Minnesota Statutes 1992, section 136C.13, subdivision 4, is amended to read:

Subd. 4. [VIETNAM SOUTHWEST ASIA VETERAN'S EXEMPTION.] A Vietnam Southwest Asia veteran who enrolls in a tuition-free technical college program before July 1, 1990, and who is a Minnesota resident whose entire education has not included completion of at least one tuition-free technical college program is exempt from tuition eligible for a state grant of \$500 per year if the veteran has GI Montgomery bill benefits, or \$1,000 per year if the veteran does not have GI Montgomery bill benefits, until the veteran has completed the lesser of (a) 440 technical college school days, or the equivalent as determined by the state board 115 credits in a technical college program, or (b) one technical college program. The grant is based on full-time attendance and shall be prorated if the student is attending less than full time. To be eligible for the tuition relief, a veteran who is discharged before July 1, 1993, must enroll in a technical college by July 1, 1995, and a veteran who is discharged on or after July 1, 1993, must enroll in a technical college within two years of the date of discharge. All veterans enrolled under this program must maintain a minimum of six credits per quarter. Total grants may not exceed the available appropriation.

"Vietnam Southwest Asia veteran" for the purpose of this subdivision means a person who served in the active military service in any branch of the armed forces of the United States after July 1, 1961, and before July 1, 1978, any time between August 1, 1990, and February 27, 1992, who became eligible for the Vietnam Expeditionary Medal or the Vietnam Southwest Asia Service Medal as a result of the service, was a Minnesota resident at the time of induction into the armed forces and for the six months one year immediately preceding induction, and has been separated or discharged from active military service under conditions other than dishonorable.

ARTICLE 9

HIGHER EDUCATION BOARD

Section 1. [JOINT LEGISLATIVE COMMITTEE ON MERGING POST-SECONDARY EDUCATION SYSTEMS.]

Subdivision 1. [ESTABLISHMENT.] A joint legislative committee on merging the post-secondary systems is created to provide a forum for communication between the higher education board and the legislature related to merging the state university, community college and technical college systems.

Subd. 2. [MEMBERSHIP.] The committee consists of ten members. Five members from the house shall be appointed by the speaker of the house. Five members from the senate shall be appointed by the subcommittee on committees of the committee on rules and administration. The committee must have representatives from the minority caucus of each house and from both rural and metropolitan areas.

Subd. 3. [OFFICERS.] The committee shall elect a chair and vice-chair from among its members. The chair must alternate annually between a member of the house and a member of the senate. When the chair is from one body, the vice-chair must be from the other body.

Subd. 4. [STAFF.] The committee shall use existing legislative staff to provide legal counsel, research, fiscal, secretarial, and clerical assistance.

Subd. 5. [DUTIES.] The committee may review proposals, plans, and information provided by the higher education board. The committee shall give particular attention to: the educational quality and missions of the higher education system, the needs of students and system and campus employees, and fiscal considerations. The committee shall report on its work and its recommendations to the education committees of the 1994 and 1995 legislatures.

Subd. 6. [INFORMATION COLLECTIONS; INTERGOVERNMENTAL COORDINATION.] (a) The committee may conduct public hearings and otherwise collect data and information necessary to its purposes.

(b) To facilitate coordination between executive and legislative authorities, the governor shall appoint a person to act as liaison between the committee and the governor.

Subd. 7. [EXPIRATION.] This section expires on June 30, 1995.

Sec. 2. [HIGHER EDUCATION BOARD BUDGET.]

The higher education board shall submit to the governor and legislature a unified budget request for the biennium ending June 30, 1997. The request shall compare the budgets of each merged system in 1994-1995 to the unified budget for 1996-1997.

Sec. 3. Minnesota Statutes 1992, section 136E.03, is amended to read:

136E.03 [MISSION.]

The mission of the board is to provide programs of study that meet the needs of students for occupational, general, baccalaureate, and graduate education. The state universities, community colleges, and technical colleges shall have distinct missions. The board shall develop administrative arrangements that make possible the efficient use of the facilities and staff of the ~~former~~ technical colleges, community colleges, and state universities for providing these several different programs of study, so that students may have the benefit of improved and broader course offerings, ease of transfer among schools and programs, integrated course credit, coordinated degree programs, and coordinated financial aid. In carrying out the merger of the three separate systems, the board shall control administrative costs by eliminating duplicative administrative positions and course offerings.

Sec. 4. Minnesota Statutes 1992, section 136E.04, subdivision 1, is amended to read:

Subdivision 1. [GENERAL AUTHORITY.] The board shall manage, supervise, and control the ~~former~~ technical colleges, community colleges, and state universities and all related property. It shall prescribe courses of study and conditions of admission, prepare and confer diplomas, and adopt suitable policies for the institutions it manages. Sections 14.01 to 14.47 do not apply to policies and procedures of the board.

Sec. 5. Laws 1991, chapter 356, article 9, section 8, is amended to read:

Sec. 8. [TRANSITIONAL PROVISIONS.]

Subdivision 1. [APPOINTMENTS TO BOARD.] Appointments to the higher education board must be made by July 1, 1991. Notwithstanding section 2, the initial higher education board consists of two members each from the state board of technical colleges, state board for community colleges, and the state university board, appointed by their respective boards and six members appointed by the governor. The governor's appointees may also be members of the current governing boards. The members appointed by boards must have been confirmed by the senate to the board from which they are appointed and served for at least one year on the board from which they were appointed. Initial higher education board members appointed by boards are not subject to further senate confirmation. Initial appointees of the governor are not subject to section 3. The governor shall appoint the student member July 1, 1995. Notwithstanding section 2, subdivision 2, the initial members of the higher education board must be appointed so that an equal number will have terms expiring in three, five, and seven years. To the extent possible, the initial board must have the geographic balance required by section 2.

Subd. 2. [INTERIM CHANCELLOR.] By November 1, 1991, the board shall hire a chancellor on an interim basis for the period ending June 30, 1995. Thereafter, the board shall conduct a search and hire a chancellor to serve on a continuing basis.

Subd. 3. [PERSONNEL.] The chancellor may hire employees necessary to carry out the transitional duties imposed by this section. The commissioner of employee relations shall cooperate with the chancellor to expedite hiring these employees. The board shall report to the legislature on its staffing plans by July 15, 1993.

Subd. 4. [TRANSITIONAL PLANNING PROCESS.] The board shall immediately after appointment commence planning for the merger of the technical college, community college, and state university systems. As part of the planning process, the board shall consult with the local advisory committees, representatives of student government organizations, and exclusive representatives of the employees of the state universities, community colleges, and technical colleges. The board shall complete a preliminary merger plan and timetable for the plan on or before ~~March 1, 1992~~ September 1, 1993. Copies of the plan shall be submitted to the chairs of the education, appropriation ways and means, and finance committees of the legislature.

Subd. 5. [RESTRUCTURING.] By January 1, 1994, the board shall submit a proposal to the legislature concerning the appropriate administrative structure for the educational institutions it governs. The board shall give special attention to the need to integrate the administration of programs of study now offered at institutions from different systems. The board, in cooperation with the department of employee relations and the department of administration, shall give special attention to the need to integrate administrative functions of the educational institutions it governs, including: (1) personnel, labor, and compensation policies; (2) purchases of supplies; and (3) management of property, and construction and repair of facilities. Plans for the integration of each of these functions must be included in the proposal.

Subd. 6. [SCHOOL DISTRICTS.] By January 1, 1994, the board shall, in cooperation with the commissioner of employee relations, submit proposals to the legislature concerning labor and other issues related to the transfer of technical colleges from school board governance.

By January 1, 1994, the board shall, in cooperation with the commissioner of administration, submit a proposal to the legislature concerning reimbursement to school districts for technical college property transferred to the board pursuant to section 9.

Subd. 7. [LEGAL SERVICES.] By January 1, 1994, the board shall submit to the legislature proposals for providing the board with adequate legal services.

Subd. 8. [ACCOUNTING SYSTEM.] By January 1, 1995 the commissioner of finance shall submit proposals to the legislature that will enable the board to use a single accounting system in accord with generally accepted accounting principles for colleges and universities and eliminate the need to have a second system to account for its money in the state treasury.

Subd. 9. [BUDGET REQUESTS.] The board shall consult with the commissioner of finance, the chair of the senate finance committee, and the chair of the house ~~appropriations ways and means~~ committee and, by January 1, 1994, submit to the legislature a proposed format for its 1995 budget request. The higher education board shall use the format, as revised in accordance with instructions from the legislature, to present its budget request to the governor and the 1995 legislature.

Subd. 10. [INFORMATION.] All plans and proposals required in this section must include timetables for implementation.

Subd. 11. [INITIAL ADVISORY COUNCIL APPOINTMENTS.] Notwithstanding section 3, the initial members of the higher education board candidate advisory council must be appointed so that an equal number will have terms expiring in two, four, and six years.

Sec. 6. Laws 1991, chapter 356, article 9, section 10, is amended to read:

Sec. 10. [CURRENT EMPLOYEES.]

It is the policy of the state of Minnesota that any restructuring of the higher education systems be accomplished while ensuring that fair and equitable arrangements are carried out to protect the interests of higher education system employees, and while facilitating the best possible service to the public. The higher education board shall make every effort to train and retrain existing employees for a changing work environment and shall report to the legislature on plans for this training by September 1, 1994.

For employees whose positions will be eliminated by merging higher education systems, options presented to employees must include but not be limited to job and training opportunities necessary to qualify for another job within their current institution or a similar job in another institution. The board shall report on its plans to eliminate positions by January 1, 1995.

Implementation of this section, as well as procedures for notifying employees affected by the merger, must be negotiated in good faith under Minnesota Statutes, chapter 179A. Nothing in this section shall be construed as diminishing any rights defined in collective bargaining agreements under this chapter or Minnesota Statutes, chapter 179A."

Delete the title and insert:

"A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; prescribing changes in eligibility and in duties and responsibilities for certain financial assistance programs; prescribing fees; adjusting certain duties and powers of the higher education coordinating board; prescribing certain changes for post-secondary systems; establishing an instructional telecommunications council; providing for grants from the higher education coordinating board for regional linkages and coordination; authorizing the state board of community colleges to use higher education facilities authority revenue bonds to construct student residences; creating three accounts in the permanent university fund and making allocations from the accounts; providing tuition exemptions at technical colleges for Southwest Asia veterans; establishing grant programs to promote recruitment and retention initiatives by nurses training programs directed toward persons of color; establishing grant programs for nursing students who are persons of color; amending Minnesota Statutes 1992, sections 3.9741; 16A.127, subdivision 8; 126.56, subdivision 5; 135A.03, subdivision 7; 135A.06, subdivision 1; 135A.061; 136A.02, subdivisions 5, 6, and 7; 136A.0411; 136A.08, subdivisions 2 and 6; 136A.101, subdivisions 1 and 7; 136A.121, subdivisions 6 and 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.1701, subdivision 4, and by adding a subdivision; 136A.233; 136A.653, subdivision 1; 136A.69; 136A.87; 136C.13, subdivision 4; 136C.15; 136C.61, subdivision 7; 136E.03; 136E.04, subdivision 1; 137.022, subdivision 3, and by adding a subdivision; 141.25, subdivision 8; 141.26, subdivisions 1 and 5; and 583.24, subdivision 4; Laws 1986, chapter 398, article 1, section 18, as amended; Laws 1990, chapter 591, article 3, section 10, as amended; Laws 1991, chapter 356, articles 6, section 4, as amended; and 9, sections 8 and 10; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137; repealing Minnesota Statutes 1992, sections 136A.121, subdivision 10; 136A.134; 136A.234; and 136A.70; Laws 1991, chapter 356, article 8, section 23."

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

Senate Conferees: LEROY A. STUMPF, DEANNA WIENER, LEONARD R. PRICE, JOANNE E. BENSON AND SAM G. SOLON.

House Conferees: PETER RODOSOVICH, JOHN DORN, GENE PELOWSKI, JR., ANTHONY G. "TONY" KINKEL AND CONNIE MORRISON.

Rodosovich moved that the report of the Conference Committee on S. F. No. 1407 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1407, A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; creating an instructional telecommunications network; providing for grants from the higher education coordinating board for regional linkages, regional coordination, courseware development and usage, and faculty training; authorizing the state board of community colleges to use higher education facilities authority revenue bonds to construct student residences; creating three accounts in the permanent university fund and making allocations from the accounts; providing tuition exemptions at technical colleges for Southwest Asia veterans; prescribing changes in eligibility and in duties and responsibilities for certain financial assistance programs; establishing grant programs to promote recruitment and retention initiatives by nurses training and teacher education programs directed toward persons of color; establishing grant programs for nursing students and students in teacher education programs who are persons of color; establishing an education to employment transitions system; amending Minnesota Statutes 1992, sections 136A.101, subdivisions 1 and 7; 136A.121, subdivision 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.15, subdivision 6; 136A.1701, subdivision 4; 136A.233, subdivisions 2 and 3; 136C.13, subdivision 4; 136C.61, subdivision 7; and 137.022, subdivision 3, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137; proposing coding for new law as Minnesota Statutes, chapter 126B; repealing Minnesota Statutes 1992, sections 136A.121, subdivision 17; and 136A.134.

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 126 yeas and 3 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Gutknecht Haukoos Olson, M.

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

Morrison was excused for the remainder of today's session.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 31:

Kahn, Evans and Orenstein.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 427:

Winter; Rest; Long; Anderson, I., and Osthoff.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

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

S. F. No. 1074.

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. 1074

A bill for an act relating to natural resources; management of state-owned lands by the department of natural resources; deletion of land from Moose Lake state recreation area; private use of state trails; appropriating money; amending Minnesota Statutes 1992, sections 84.0273; 84.632; 85.015, by adding a subdivision; 86A.05, subdivision 14; 92.06, subdivision 1; 92.14, subdivision 2; 92.19; 92.29; 92.67, subdivision 5; 94.10; 94.11; 94.13; 94.343, subdivision 3; 94.348, subdivision 2; and 97A.135, subdivision 2, and by adding a subdivision.

May 13, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1074, 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. 1074 be further amended as follows:

Page 11, after line 24, insert:

"Sec. 18. Laws 1992, chapter 502, section 4, is amended to read:

Sec. 4. [PRIVATE SALE OF STATE LAND; WASHINGTON COUNTY.]

Notwithstanding the public sale provisions of Minnesota Statutes, sections 94.09 to 94.16 or any other law to the contrary, the commissioner of natural resources may sell land in Washington county described in this section by private sale to the purchaser. The conveyance shall be in a form approved by the attorney general. The consideration received for the conveyance shall be the market value of the land of \$1,160,000 as established by a state appraisal certified by the commissioner on January 27, 1992, plus an additional 18 percent of an amount equal to the market value less any environmental cleanup funds provided by the purchaser prior to the conveyance, as described in section 5. The consideration and 18 percent additional payment shall be deposited in the state treasury and credited to the wildlife land acquisition account. The basic purchase consideration is appropriated to the commissioner for acquisition of replacement wildlife management area lands in Anoka, Carver, Dakota, Hennepin, Scott, or Washington counties and for cleanup of contamination on wildlife management area lands adjacent to the land conveyed. Of this appropriation, at least \$560,000 must be used for acquisition of replacement wildlife management area lands. The 18 percent additional payment is appropriated to the commissioner to cover the commissioner's professional service costs to acquire the replacement lands and the cost of appraisals for the state lands sold to the purchaser. The commissioner shall return any portion of the 18 percent additional payment remaining after acquisition of replacement lands to the purchaser.

The land that may be sold is in the Bayport state wildlife management area and is described as follows:

All that part of Sections 10 and 15, in Township 29 North, Range 20 West, described as follows: Commencing at the southeast corner of said Section 10; thence west along the south line of said Section 10 a distance of 270 feet to the point of beginning; thence north parallel with and 270 feet westerly from the east line of said Section 10 a distance of 1,296 feet; thence west a distance of 360 feet; thence north parallel with the east line of said Section 10 a distance of 740 feet; thence west 160 feet; thence north parallel with the east line of said Section 10 a distance of 580 feet; thence west 140 feet; thence north along the west line and the same extended southerly of Block 80, in South Stillwater, (Bayport), according to the recorded plat thereof in the office of the County Recorder for Washington county, 360 feet to the northwest corner of said Block 80; thence west on a continuation of the north line of said Block 80 a distance of 185 feet; thence south and parallel with the west line of Block 81 of said South Stillwater (Bayport) 100 feet; thence west and parallel with the north line of said Block 81 to the west line of said Block 81 a distance of 175 feet; thence north along the west line of said Block 81 to the northwest corner of said Block 81 a distance of 100 feet; thence west on a continuation of the north line of said Block 81 a distance of 30 feet to the west line of the Southeast Quarter of the Northeast Quarter of said Section 10; thence north along said west line of the Southeast Quarter of the Northeast Quarter to the south line of the North 900 feet of the Southwest

Quarter of the Northeast Quarter of said Section 10; thence west along the south line of the North 900 feet of the Southwest Quarter of the Northeast Quarter of said Section 10 to the west line of the Southwest Quarter of the Northeast Quarter of said Section 10; thence north along said west line to the north line of the South 30 acres of the Southeast Quarter of the Northwest Quarter of said Section 10; thence West along the north line of the South 30 acres of the Southeast Quarter of the Northwest Quarter of said Section 10 to the Northwest corner of the South 30 acres of the Southeast Quarter of the Northwest Quarter of said section; thence south along the west line of the Southeast Quarter of the Northwest Quarter of said Section 10 to the center line of the Stillwater and Point Douglas Road (aka County State Aid Highway 21); thence southeasterly along said center line of said Stillwater and Point Douglas Road (aka County State Aid Highway 21) to a point on a line drawn parallel and 11 chains and 92 links southerly from the north line of said Section 15; thence east parallel with the north line of the Northwest Quarter of said Section 15 to the west line of the Northwest Quarter of the Northeast Quarter of said Section 15; thence east parallel with the north line of the Northwest Quarter of the Northeast Quarter of said Section 15 a distance of 202.76 feet; thence north parallel with the west line of said Northwest Quarter of the Northeast Quarter to the south line of said Section 10; thence east along said south line to the point of beginning. Excepting from the land within the above described boundaries, the right-of-way of the Chicago and North Western Railway across said parts of Sections 10 and 15. And also all that part of the Southwest Quarter of the Northwest Quarter of Section 10, Township 29 North, Range 20 West, lying east of Stillwater and Point Douglas Road (aka County State Aid Highway 21), excepting that part thereof heretofore deeded by Frank L. Barrett and wife to John Zabel, by deed dated 9th day of December, 1893, and recorded 16th day of December, 1893, in the office of the County Recorder for said Washington county, in Book 40 of Deeds, Page 133. Said lands containing 244.81 acres, more or less.

The commissioner may reserve to the state an easement across the above described property for ingress and egress to lands to be retained by the commissioner in Section 15, Township 29 North, Range 20 West.

Sec. 19. [SHORELAND LOT TRANSFER.]

(a) Notwithstanding Minnesota Rules, part 6120.3300, subpart 2, item D, adopted under Minnesota Statutes 1992, sections 103F.201 to 103F.221, Otter Tail county may allow the sale or transfer, as a separate parcel, of a lot within shoreland, as defined in Minnesota Statutes, section 103F.205, subdivision 4, that:

(1) is one of a group of two or more contiguous lots that have been under the same common ownership since February 4, 1992; and

(2) does not meet the requirements of Minnesota Rules, part 6120.3300, subpart 2, items A to E, and subparts 2a and 2b.

(b) Before a contiguous lot is sold under the authority granted in this section, the seller shall inform the buyer in writing of the extent to which the lot does not meet the requirements of Minnesota Rules, part 6120.3300, subpart 2, items A to E, and subparts 2a and 2b.

(c) This section is repealed effective July 1, 1994.

Sec. 20. [REPORTS.]

Subdivision 1. [PRIVATE FOREST MANAGEMENT ASSISTANCE PROGRAM.] The commissioner of natural resources shall track the financial effects of changes occurring in department policy on the private forest management assistance program. The commissioner shall review any regional differences, and the cost and types of services provided by the division of forestry timber appraisers. The commissioner shall report by February 15, 1994, and February 15, 1995, to the house environment and natural resources finance committee and the senate environment and natural resources finance division.

Subd. 2. [NATIVE PLANTINGS ON PUBLIC LANDS; REPORT.] The commissioner of natural resources shall, in cooperation with other state agencies and interested persons, propose a plan to increase the amount of native plantings on public lands. The commissioner shall submit the plan to the environment and natural resources committees of the legislature by February 15, 1994."

Amend the title as follows:

Page 1, line 5, after the second semicolon insert "use of proceeds from private sale of state land in Washington county; transfer of shoreland lots in Otter Tail county; reporting and planning by commissioner of natural resources;"

Page 1, line 12, before the period insert "; Laws 1992, chapter 502, section 4"

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

Senate Conferees: LEONARD R. PRICE, GENE MERRIAM AND STEVEN MORSE.

House Conferees: KATHLEEN SEKHON, VIRGIL J. JOHNSON AND WILLARD MUNGER.

Sekhon moved that the report of the Conference Committee on S. F. No. 1074 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1074, A bill for an act relating to natural resources; management of state-owned lands by the department of natural resources; deletion of land from Moose Lake state recreation area; private use of state trails; appropriating money; amending Minnesota Statutes 1992, sections 84.0273; 84.632; 85.015, by adding a subdivision; 86A.05, subdivision 14; 92.06, subdivision 1; 92.14, subdivision 2; 92.19; 92.29; 92.67, subdivision 5; 94.10; 94.11; 94.13; 94.343, subdivision 3; 94.348, subdivision 2; and 97A.135, subdivision 2, and by adding a subdivision.

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

The question was taken on the repassage of the bill and the roll was called. There were 122 yeas and 5 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Osthoff	Rukavina	Solberg	Tomassoni	Waltman
---------	----------	---------	-----------	---------

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

Madam Speaker:

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

S. F. No. 273.

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. 273

A bill for an act relating to highways; changing description of legislative Route No. 279 in state trunk highway system after agreement to transfer part of old route to Dakota county.

May 13, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 273, 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. 273 be further amended as follows:

Page 1, after line 6, insert:

"Section 1. [TELECOMMUTING STUDY.]

Subdivision 1. [DEFINITION.] For purposes of this section, "telecommuting" means the practice of performing work at a residence rather than a worksite, through video, telephone, computer, or other electronic connection.

Subd. 2. [STUDY DIRECTED.] The commissioner of transportation is urged to conduct a study of telecommuting in the seven-county metropolitan area as an alternative to vehicle commuting between residence and worksite. The commissioner may contract with a person, firm, or organization knowledgeable in telecommuting to perform the study.

Subd. 3. [STUDY CONTENTS.] The study must include:

- (1) the present extent of telecommuting in the metropolitan area;
- (2) the potential of telecommuting to substitute for vehicle commuting in the area, alleviate traffic congestion, and reduce the need for highway expansion;
- (3) present legal and public policy obstacles to telecommuting; and
- (4) legal and public policy alternatives that would expand telecommuting or telecommuting options in the area.

Subd. 4. [REPORTS.] The commissioner shall report on the findings of the study to the governor and legislature not later than March 1, 1994."

Page 1, after line 24, insert:

"Notwithstanding any law or rule to the contrary, the commissioner of transportation shall add to the county state-aid highway system in Dakota county any trunk highway that is removed from the trunk highway system under this act and transferred to Dakota county."

Page 2, line 8, delete "Section 1 is" and insert "Sections 1 and 2 are"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, before the period insert "; providing for a telecommuting study"

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

Senate Conferees: DAVID L. KNUTSON, FLORIAN CHMIELEWSKI AND GEN OLSON.

House Conferees: EILEEN TOMPKINS, THOMAS PUGH AND MARY JO MCGUIRE.

Tompkins moved that the report of the Conference Committee on S. F. No. 273 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 273, A bill for an act relating to highways; changing description of legislative Route No. 279 in state trunk highway system after agreement to transfer part of old route to Dakota county.

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

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

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

S. F. No. 1105.

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. 1105

A bill for an act relating to health; extending the expiration date of certain advisory councils and committees; modifying provisions relating to lead abatement; changing regulation provisions for hotels, resorts, restaurants, and manufactured homes; providing penalties; amending Minnesota Statutes 1992, sections 15.059, subdivision 5; 144.73, subdivision 3; 144.871, subdivisions 2, 6, 7a, and by adding subdivisions; 144.872, subdivision 2; 144.873, subdivision 2; 144.874, subdivisions 1, 3, 4, and 6; 144.878, subdivisions 2 and 5; 157.01, subdivision 1; 157.03; 157.08; 157.081, subdivision 1; 157.09; 157.12; 157.14; 245.97, subdivision 6; 327.10; 327.11; 327.16, subdivision 5; 327.20, subdivision 1; 327.26, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 144; and 157; repealing Minnesota Statutes 1992, sections 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; and 157.05, subdivisions 2 and 3.

May 11, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1105, 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. 1105 be further amended as follows:

Page 22, after line 4, insert:

"Sec. 33. [MANUFACTURED HOME PARK ZONING STUDY.]

A municipality, as defined in Minnesota Statutes, section 462.352, subdivision 2, may not adopt an ordinance after May 22, 1993 and before August 1, 1994, that establishes setback requirements for manufactured homes in a manufactured home park if the ordinance would have the effect of prohibiting replacing a home in a park with a home approved by the department of housing and urban development.

Setback requirements adopted by ordinance by a municipality after April 1, 1991, are suspended and have no effect until August 1, 1994, if the setback requirements have the effect of prohibiting replacing a manufactured home in a manufactured home park with a home approved by the department of housing and urban development."

Page 22, line 12, delete "and 33" and insert ", 33, and 34"

Renumber the sections in sequence

Correct the internal references

Amend the title as follows:

Page 1, line 6, after the semicolon insert "requiring a manufactured home park zoning study;"

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

Senate Conferees: DON BETZOLD, JOHN C. HOTTINGER AND EDWARD C. OLIVER.

House Conferees: WAYNE SIMONEAU, ALICE M. JOHNSON AND DENNIS OZMENT.

Simoneau moved that the report of the Conference Committee on S. F. No. 1105 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1105, A bill for an act relating to health; extending the expiration date of certain advisory councils and committees; modifying provisions relating to lead abatement; changing regulation provisions for hotels, resorts, restaurants, and manufactured homes; providing penalties; amending Minnesota Statutes 1992, sections 15.059, subdivision 5; 144.73, subdivision 3; 144.871, subdivisions 2, 6, 7a, and by adding subdivisions; 144.872, subdivision 2; 144.873, subdivision 2; 144.874, subdivisions 1, 3, 4, and 6; 144.878, subdivisions 2 and 5; 157.01, subdivision 1; 157.03; 157.08; 157.081, subdivision 1; 157.09; 157.12; 157.14; 245.97, subdivision 6; 327.10; 327.11; 327.16, subdivision 5; 327.20, subdivision 1; 327.26, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 144; and 157; repealing Minnesota Statutes 1992, sections 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; and 157.05, subdivisions 2 and 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	Dauner	Haukoos	Krinkie	Murphy	Pugh	Tunheim
Anderson, I.	Dauids	Hausman	Krueger	Neary	Reding	Van Dellen
Anderson, R.	Dawkins	Holsten	Lasley	Nelson	Rest	Vellenga
Asch	Dehler	Hugoson	Leppik	Ness	Rhodes	Vickerman
Battaglia	Delmont	Huntley	Lieder	Olson, E.	Rice	Wagenius
Bauerly	Dempsey	Jacobs	Limmer	Olson, K.	Rodosovich	Waltman
Beard	Dorn	Jaros	Lindner	Olson, M.	Rukavina	Weaver
Bergson	Erhardt	Jefferson	Lourey	Onnen	Seagren	Wejcman
Bertram	Evans	Jennings	Luther	Opatz	Sekhon	Welle
Bettermann	Farrell	Johnson, A.	Lynch	Orenstein	Simoneau	Wenzel
Bishop	Frerichs	Johnson, R.	Macklin	Orfield	Skoglund	Winter
Blatz	Garcia	Johnson, V.	Mahon	Osthoff	Smith	Wolf
Brown, C.	Girard	Kahn	Mariani	Ostrom	Solberg	Worke
Brown, K.	Goodno	Kalis	McCollum	Ozment	Stanius	Workman
Carlson	Greenfield	Kelley	McGuire	Pauly	Stensma	
Carruthers	Greiling	Kelso	Milbert	Pawlenty	Swenson	
Clark	Gruenes	Kinkel	Molnau	Pelowski	Tomassoni	
Commers	Gutknecht	Klinzing	Mosel	Perlt	Tompkins	
Cooper	Hasskamp	Koppendrayner	Munger	Peterson	Trimble	

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

Madam Speaker:

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

S. F. No. 1275.

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. FLAHAVER, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1275

A bill for an act relating to the environment; providing protection from liability for releases of hazardous substances to lenders and owners for redevelopment of property under an approved cleanup plan; providing authority to issue determinations regarding association with a release; amending Minnesota Statutes 1992, section 115B.175, subdivisions 4, 7, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 115B.

May 12, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1275, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment.

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

Senate Conferees: TED A. MONDALE, GENE MERRIAM AND DEANNA WIENER.

House Conferees: JEAN WAGENIUS, ALICE HAUSMAN AND CHARLIE WEAVER.

Wagenius moved that the report of the Conference Committee on S. F. No. 1275 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1275, A bill for an act relating to the environment; providing protection from liability for releases of hazardous substances to lenders and owners for redevelopment of property under an approved cleanup plan; providing authority to issue determinations regarding association with a release; amending Minnesota Statutes 1992, section 115B.175, subdivisions 4, 7, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 115B.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

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

S. F. No. 1315.

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. 1315

A bill for an act relating to burial grounds; creating a council of traditional Indian practitioners to make recommendations regarding the management, treatment, and protection of Indian burial grounds and of human remains or artifacts contained in or removed from those grounds; proposing coding for new law in Minnesota Statutes, chapter 307.

May 11, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1315, 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. 1315 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [307.082] [CIVIL ACTIONS.]

The attorney general or the county attorney may maintain a civil action seeking a temporary or permanent injunction or other appropriate relief against a person who is alleged to have committed a violation of section 307.08, subdivision 2. The action must be brought within one year after the alleged violation is discovered and reported to the state archeologist or the Indian affairs council. The action must be filed in either the district court of the county in which the alleged violation occurred or in which the alleged violator resides."

Delete the title and insert:

"A bill for an act relating to burial grounds; providing for a civil action; proposing coding for new law in Minnesota Statutes, chapter 307."

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

Senate Conferees: DON BETZOLD, JOANNE E. BENSON AND HAROLD R. "SKIP" FINN.

House Conferees: KAREN CLARK, THOMAS PUGH AND DAVE BISHOP.

Clark moved that the report of the Conference Committee on S. F. No. 1315 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1315, A bill for an act relating to burial grounds; creating a council of traditional Indian practitioners to make recommendations regarding the management, treatment, and protection of Indian burial grounds and of human remains or artifacts contained in or removed from those grounds; proposing coding for new law in Minnesota Statutes, chapter 307.

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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

MOTION FOR RECONSIDERATION

Bishop moved that the vote whereby the House on Wednesday, May 12, 1993, refused to concur in the Senate amendments to H. F. No. 208 and that the Speaker appoint a Conference Committee of 3 members be now reconsidered. The motion prevailed.

The message from the Senate relating to H. F. No. 208 was again reported to the House.

CONCURRENCE AND REPASSAGE

Bishop moved that the House concur in the Senate amendments to H. F. No. 208 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 208, A bill for an act relating to human rights; prohibiting discrimination against certain persons who have physical or sensory disabilities and who use service animals; clarifying certain language governing transportation of disabled persons; clarifying the commissioner's acceptance of charges; amending Minnesota Statutes 1992, sections 363.01, subdivisions 30a, 35, 41b, and by adding a subdivision; 363.03, subdivisions 2, 4, and 10; and 473.144.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 869, A bill for an act relating to natural resources; providing for the prevention and suppression of wildfires; providing penalties; amending Minnesota Statutes 1992, sections 88.01, subdivisions 2, 6, 8, 15, 23, and by adding subdivisions; 88.02; 88.03; 88.04; 88.041; 88.05; 88.06; 88.065; 88.067; 88.08; 88.09, subdivision 2; 88.10; 88.11, subdivision 2; 88.12; 88.14; 88.15; 88.16; 88.17, subdivision 1, and by adding a subdivision; 88.18; and 88.22; proposing coding for new law in Minnesota Statutes, chapter 88; repealing Minnesota Statutes 1992, sections 88.17, subdivision 2; and 88.19; and Laws 1992, chapter 556, sections 10 and 11.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Lessard, Chmielewski and Frederickson.

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

Ozment 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. 869. The motion prevailed.

Madam Speaker:

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

H. F. No. 574, A bill for an act relating to retirement; administrative changes, age discrimination act compliance, death-while-active surviving spouse benefit improvements by the Minnesota state retirement system, the public employees retirement association, and teachers retirement association; amending Minnesota Statutes 1992, sections 3A.02, subdivision 1, and by adding a subdivision; 352.01, subdivisions 2b, and by adding a subdivision; 352.03, subdivisions 4, 4a, and 6; 352.04, subdivision 9; 352.113, subdivisions 2, 4, and 7; 352.115, subdivision 8; 352.12, subdivisions 1, 2, 3, 4, 7, 10, and 13; 352.15, subdivision 1a, and by adding subdivisions; 352.22, subdivisions 1 and 2; 352.23; 352.85, subdivision 4; 352.93, subdivision 2a; 352.94; 352.95, subdivisions 1, 2, 3, and 5; 352.951; 352.96, subdivisions 3 and 4; 352B.01, subdivisions 3 and 11; 352B.08, subdivisions 1 and 2a; 352B.10, subdivisions 1, 2, and 5; 352B.101; 352B.105; 352B.11, subdivision 2; 352C.01; 352C.021; 352C.031; 352C.033; 352C.04; 352C.051; 352C.09; 352D.015, subdivision 4; 352D.02, subdivision 3, and by adding a subdivision; 352D.04, subdivision 1; 352D.05, subdivisions 1, 3, and 4; 352D.09, subdivision 5, and by adding subdivisions; 353.01, subdivisions 2, 2a, 2b, 6, 7, 10, 11a, 12, 16, 28, 31, 32, and by adding subdivisions; 353.017; 353.27, subdivision 7; 353.29, subdivision 1; 353.32, subdivision 1a; 353.33, subdivisions 1, 2, 3, 4, 6, 8, 11, and by adding a subdivision; 353.34, subdivisions 1 and 3; 353.35; 353.37; 353.64, subdivisions 1 and 5a; 353.656, subdivisions 1, 1a, 3, 5, and by adding subdivisions; 353A.08, subdivisions 1, 3, and 5; 353A.10, subdivision 4; 353B.11, subdivision 6; 353C.08, subdivisions 1 and 2; 353D.02; 353D.04; 353D.05, subdivision 3; 353D.07, subdivision 2; 354.35; 354.46, subdivisions 1 and 2; 354.48, subdivisions 3 and 10; 356.302, subdivisions 4 and 6; 356.453; 356.61; and 490.124, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapter 3A; repealing Minnesota Statutes 1992, sections 3A.06; 352.01, subdivision 7; 352.12, subdivision 5; 352.22, subdivision 9; 352.73; 352B.01, subdivision 2a; 352B.131; 352B.14; 352B.261; 352B.262; 352B.28; 352D.05, subdivision 5; and 353.656, subdivision 6.

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

Madam Speaker:

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

H. F. No. 584, A bill for an act relating to utilities; regulating telephone services to communication-impaired persons; amending Minnesota Statutes 1992, sections 237.49; 237.50, subdivision 3; 237.51, subdivision 2; and 237.52, subdivision 2; repealing Laws 1987, chapter 308, section 8.

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

Madam Speaker:

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

H. F. No. 988, A bill for an act relating to game and fish; allowing the taking of two deer in designated counties; amending Minnesota Statutes 1992, section 97B.301, subdivisions 2, 4, and by adding a subdivision.

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

Madam Speaker:

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

H. F. No. 1114, A bill for an act relating to game and fish; stamp design; training of hunting dogs; clothing requirements; raccoon season; rough fish taking by nonresidents; muskie size limits; taking of mussels; advance of matching funds; financing waterfowl development; defining "undressed bird"; regulating the taking of deer; regulating seasons on muskrat, mink, otter, and beaver; required license to take and condition of fish brought into the state from Canada; authorizing suspension of requirements upon action by Canadian authorities; amending Minnesota Statutes 1992, sections 84.085, by adding a subdivision; 97A.015, subdivision 49, and by adding a subdivision; 97A.045, subdivision 7; 97A.091, subdivision 2; 97A.531; 97B.005, subdivisions 2 and 3; 97B.041; 97B.071; 97B.621, subdivision 1; 97B.911; 97B.915; 97B.921; 975.925; 97C.375; 97C.405; and 97C.701, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 97A; repealing Minnesota Statutes 1992, sections 97A.541; 97C.701, subdivisions 3, 4, and 5; 97C.705; and 97C.711.

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

Madam Speaker:

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

H. F. No. 1524, A bill for an act relating to taxation; providing conditions and requirements for the issuance of public debt and for the financial obligations of authorities; providing an exemption from the mortgage registration tax; providing an exemption from an ad valorem taxation for certain lease purchase property; providing a property tax exemption for certain property devoted to public use; amending Minnesota Statutes 1992, sections 80A.12, by adding a subdivision; 275.065, subdivision 7; 287.04; 447.45, subdivision 2; 475.67, subdivisions 3 and 13; and 501B.25; repealing Minnesota Rules, part 2875.3532.

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

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 427, A bill for an act relating to taxation; making technical corrections and administrative changes to sales and use taxes, income and franchise taxes, property taxes, and tax administration and enforcement; changing penalties; appropriating money; amending Minnesota Statutes 1992, sections 82B.035, by adding a subdivision; 84.82, subdivision 10; 86B.401, subdivision 12; 270.071, subdivision 2; 270.072, subdivision 2; 271.06, subdivision 1; 271.09, subdivision 3; 272.02, subdivisions 1 and 4; 272.025, subdivision 1; 272.12; 273.03, subdivision 2; 273.061, subdivision 8; 273.124, subdivisions 9 and 13; 273.13, subdivision 25; 273.138, subdivision 5; 273.1398, subdivisions 1, 3, and 5b; 274.13, subdivision 1; 274.18; 275.065, subdivision 5a; 275.07, subdivisions 1 and 4; 275.28, subdivision 3; 275.295; 277.01, subdivision 2; 277.15; 277.17; 278.01, subdivision 1; 278.02; 278.03; 278.04; 278.08; 278.09; 287.21, subdivision 4; 287.22; 289A.08, subdivisions 3, 10, and 15; 289A.09, subdivision 1; 289A.11, subdivisions 1 and 3; 289A.12,

subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 12, and 14; 289A.18, subdivisions 1 and 4; 289A.20, subdivision 4; 289A.25, subdivisions 1, 2, 5a, 6, 8, 10, and 12; 289A.26, subdivisions 1, 4, and 6; 290A.04, subdivisions 1 and 2h; 296.14, subdivision 2; 297A.01, subdivision 3; 297B.01, subdivision 5; 297B.03; 347.10; 348.04; 469.175, subdivision 5; and 473H.10, subdivision 3; Laws 1991, chapter 291, article 1, section 65, as amended; Laws 1992, chapter 511, article 2, section 61; proposing coding for new law in Minnesota Statutes, chapters 273; 289A; and 297; repealing Minnesota Statutes 1992, sections 60A.13, subdivision 1a; 273.49; 274.19; 274.20; 277.011; 289A.08, subdivisions 9 and 12; 297A.258; and 348.03.

The Senate has appointed as such committee:

Ms. Pappas; Mr. Johnson, D. J.; Mses. Flynn and Reichgott, and Mr. Belanger.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 514, A bill for an act relating to the environment; providing for passive bioremediation; providing for review of agency employee decisions; increasing membership of petroleum tank release compensation board; establishing a fee schedule of costs or criteria for evaluating reasonableness of costs submitted for reimbursement; modifying petroleum tank release cleanup fee; modifying reimbursements; modifying consultant and contractor registration requirements; authorizing board to delegate its reimbursement powers and duties to the commissioner of commerce; requiring a report; authorizing rulemaking; appropriating money; amending Minnesota Statutes 1992, sections 115C.02, subdivisions 10 and 14; 115C.03, by adding subdivisions; 115C.07, subdivisions 1, 2, and 3; 115C.08, subdivisions 1, 2, 3, and 4; 115C.09, subdivisions 1, 3, 3a, 3c, and by adding a subdivision; and 115C.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1992, sections 115C.01; 115C.02; 115C.021; 115C.03; 115C.04; 115C.045; 115C.05; 115C.06; 115C.065; 115C.07; 115C.08; 115C.09; 115C.10; 115C.11; and 115C.12.

The Senate has appointed as such committee:

Messrs. Novak, Morse and Dille.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1225, A bill for an act relating to agriculture; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; exempting certain pesticides from the ACRRA surcharge; requiring a report; appropriating money; repealing the hazardous substance labeling act; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.135; 18B.14, subdivision 2; 18B.26, subdivision 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18E.03, subdivisions 2 and 5; 21.85, subdivision 10; 325F.19, subdivision 7; repealing Minnesota Statutes 1992, sections 18B.07, subdivision 3; 18C.211, subdivision 3; 18C.215, subdivision 3; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; 24.42; 25.46; and 25.47.

The Senate has appointed as such committee:

Messrs. Morse; Bertram and Ms. Krentz.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1529, A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring.

The Senate has appointed as such committee:

Messrs. Pogemiller, Stumpf and Morse.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Anderson, I., from the Committee on Rules and Legislative Administration, pursuant to rule 1.09, designated the following bill as a Special Order to be acted upon immediately preceding printed Special Orders for Friday, May 14, 1993:

S. F. No. 1624.

SPECIAL ORDERS

S. F. No. 1624, A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

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

Those who voted in the negative were:

Peterson

The bill was passed and its title agreed to.

S. F. No. 1081 was reported to the House.

Carruthers; Osthoff; Pugh; Stanius; Abrams; Anderson, I.; Skoglund; Macklin; Mahon and Ozment moved to amend S. F. No. 1081, as follows:

Pages 1 to 7, delete section 2, and insert:

"Sec. 2. Minnesota Statutes 1992, section 473.123, is amended by adding a subdivision to read:

Subd. 3c. [DISTRICT BOUNDARIES.] The council district boundaries are as follows:

(1) The first council district consists of that portion of Hennepin county consisting of the cities of Champlin, Corcoran, Dayton, Greenfield, Independence, Loretto, Maple Grove, Maple Plain, Medicine Lake, Medina, Minnetrista, Mound, Osseo, Plymouth, Rockford, Rogers, and St. Bonifacius, and the town of Hassan.

(2) The second council district consists of that portion of Hennepin county, consisting of the cities of Brooklyn Center, Brooklyn Park, Crystal, New Hope, and Robbinsdale.

(3) The third council district consists of that portion of Hennepin county consisting of the cities of Deephaven, Edina, Excelsior, Greenwood, Hopkins, Long Lake, Minnetonka, Minnetonka Beach, Orono, Shorewood, Spring Park, Tonka Bay, Wayzata, and Woodland.

(4) The fourth council district consists of Carver county, that portion of Dakota county consisting of the city of Lakeville, that portion of Hennepin county consisting of the cities of Chanhassan and Eden Prairie, and that portion of Scott county in the metropolitan area not included in the fifth council district.

(5) The fifth council district consists of that portion of Hennepin county consisting of the cities of Bloomington and Richfield and the unorganized territory of Fort Snelling, and that portion of Scott county consisting of the cities of Savage and Shakopee.

(6) The sixth council district consists of that portion of Hennepin county consisting of the cities of Golden Valley and St. Louis Park and that portion of the city of Minneapolis lying west and south of a line described as follows: commencing at the intersection of the southern boundary of the city of Minneapolis and Interstate Highway 35W, northerly along Interstate Highway 35W to Minnehaha Parkway, northeasterly along Minnehaha Parkway to 50th Street E., westerly along 50th Street E. to Stevens Avenue S., northerly along Stevens Avenue S. to 46th Street E., westerly along 46th Street E. to Nicollet Avenue S., northerly along Nicollet Avenue S. to 36th Street W., westerly along 36th Street W. to Blaisdell Avenue S., northerly along Blaisdell Avenue S. to 34th Street W., westerly along 34th Street W. to Grand Avenue S., northerly along Grand Avenue S. to 32nd Street W., westerly along 32nd Street W. to Harriet Avenue S., northerly along Harriet Avenue S. to 31st Street W., westerly along 31st Street W. to Garfield Avenue S., northerly along Garfield Avenue S. to Lake Street W., westerly along Lake Street W. to Lyndale Avenue S., northerly along Lyndale Avenue S. to the Burlington Northern Railroad tracks, westerly along the northern branch of the Burlington Northern Railroad tracks to Glenwood Avenue N., westerly along Glenwood Avenue N. to the western boundary of the city of Minneapolis.

(7) The seventh council district consists of that portion of the city of Minneapolis lying within a line described as follows: commencing at the intersection of the northern boundary of the city of Minneapolis and the Mississippi River, southerly along the east bank of the Mississippi River to State Highway 122 southwesterly along State Highway 122 to Cedar Avenue S., southerly along Cedar Avenue S. to Minnehaha Avenue, southeasterly along Minnehaha Avenue to Cedar Avenue S., southerly along Cedar Avenue S. to Hiawatha Avenue, southerly along Hiawatha Avenue to 28th Street E., westerly along 28th Street E. to 21st Avenue S., southerly along 21st Avenue S. to 32nd Street E., westerly along 32nd Street E. to 19th Avenue S., southerly along 19th Avenue S. to 34th Street E., westerly along 34th Street E. to Bloomington Avenue S., southerly along Bloomington Avenue S. to 36th Street E., westerly along 36th Street E. to 10th Avenue S., southerly along 10th Avenue S. to 38th Street E., westerly along 38th Street E. to Elliot Avenue S., southerly along Elliot Avenue S. to 44th Street E., westerly along 44th Street E. to Chicago Avenue S., southerly along Chicago Avenue S. to 50th Street E., westerly along 50th Street E. to Park Avenue S., southerly along Park Avenue S. to Minnehaha Parkway, westerly along Minnehaha Parkway to the eastern boundary of the sixth council district, northerly and westerly along the boundary of the sixth council district to the western boundary of the city of Minneapolis, northerly and then easterly along the boundaries of the city of Minneapolis to the point of origin.

(8) The eighth council district consists of that portion of the city of Minneapolis not included in the sixth or seventh council district.

(9) The ninth council district consists of that portion of Anoka county not included in the tenth council district and that portion of Ramsey county consisting of the cities of Blaine and Spring Lake Park.

(10) The tenth council district consists of that portion of Anoka county consisting of the cities of Columbia Heights, Coon Rapids, Fridley, and Hilltop, that portion of Hennepin county consisting of the city of St. Anthony, and that portion of Ramsey county consisting of the cities of Mounds View, New Brighton, and St. Anthony.

(11) The eleventh council district consists of that portion of Ramsey county consisting of the cities of Arden Hills, Gem Lake, Little Canada, North Oaks, Roseville, Shoreview, Vadnais Heights, and White Bear Lake and the town of White Bear, and that portion of the city of Maplewood not included in the twelfth council district, and that portion of Washington county consisting of the city of White Bear Lake.

(12) The twelfth council district consists of that portion of Ramsey county consisting of the city of North St. Paul and that portion of the city of Maplewood lying east and south of a line described as follows: commencing at the intersection of the southern boundary of the city of Maplewood and White Bear Avenue, northerly along White Bear Avenue to North St. Paul Road, northeasterly along North St. Paul Road to the eastern boundary of the city of Maplewood, and that portion of Washington county not included in the eleventh or sixteenth council district.

(13) The thirteenth council district consists of that portion of Ramsey county consisting of that portion of the city of St. Paul lying south of a line described as follows: commencing at the intersection of the eastern boundary of the city of St. Paul and Old Hudson Road, westerly along Old Hudson Road to White Bear Avenue, northerly along White Bear Avenue to East 3rd Street, westerly along East 3rd Street to Johnson Parkway, northerly along Johnson Parkway to East 4th Street, westerly along East 4th Street to Mounds Boulevard, southeasterly along Mounds Boulevard to East 3rd Street, southeasterly along East 3rd Street to the Burlington Northern Railroad tracks, northerly along the Burlington Northern Railroad tracks to the east-west Burlington Northern Railroad tracks, westerly along the east-west Burlington Northern Railroad tracks to Interstate Highway 35E, southerly along Interstate Highway 35E to University Avenue, westerly along University Avenue to Cleveland Avenue, southerly along Cleveland Avenue to Interstate Highway 94, westerly along Interstate Highway 94 to the western boundary of the city of St. Paul.

(14) The fourteenth council district consists of that portion of Ramsey county consisting of the cities of Falcon Heights and Lauderdale, and that portion of the city of St. Paul not included in the thirteenth council district.

(15) The fifteenth council district consists of that portion of Dakota county consisting of the cities of Apple Valley, Burnsville, Eagan, Lilydale, Mendota, and Mendota Heights.

(16) The sixteenth council district consists of that portion of Dakota county in the metropolitan area not included in the fourth or fifteenth council district, and that portion of Washington county consisting of the cities of Cottage Grove, Hastings, and St. Paul Park, and the towns of Denmark and Grey Cloud Island."

Page 8, line 28, strike "Following each" and delete "redrawing"

Page 8, line 29, strike "of metropolitan council districts" and insert "Within 120 days after a redistricting plan takes effect"

Page 9, line 13, strike everything after the period

Page 9, line 14, strike the old language

Page 10, line 30, reinstate the stricken "The members shall be appointed by the governor"

Page 11, line 1, reinstate the stricken period

Pages 11 and 12, delete sections 7 and 8

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Carruthers, Knickerbocker and Abrams moved to amend S. F. No. 1081, as amended, as follows:

Page 8, line 34, strike "A," and reinstate the stricken "B,"

Page 8, line 36, delete "B" and insert "A" and strike the comma after the stricken "G"

The motion prevailed and the amendment was adopted.

S. F. No. 1081, A bill for an act relating to the metropolitan council; redrawing the boundaries of council districts; amending Minnesota Statutes 1992, sections 473.123, subdivision 3a, and by adding a subdivision; 473.141, subdivisions 2 and 4a; 473.373, subdivision 4a; 473.604, subdivision 1; and 473.703, subdivisions 1 and 2; repealing Minnesota Statutes 1992, section 473.123, subdivision 3b.

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 18 nays as follows:

Those who voted in the affirmative were:

Abrams	Cooper	Gutknecht	Koppendrayner	Munger	Pugh	Tompkins
Anderson, I.	Dauner	Haukoos	Krinkie	Murphy	Reding	Tunheim
Anderson, R.	Dawkins	Hausman	Krueger	Neary	Rest	Van Dellen
Asch	Dehler	Holsten	Lasley	Nelson	Rhodes	Vellenga
Battaglia	Delmont	Jacobs	Leppik	Ness	Rice	Vickerman
Bauerly	Dempsey	Jaros	Lieder	Olson, E.	Rodosovich	Wagenius
Beard	Dorn	Jefferson	Limmer	Olson, K.	Rukavina	Waltman
Bergson	Erhardt	Jennings	Lindner	Onnen	Sekhon	Weaver
Bertram	Evans	Johnson, A.	Lourey	Opatz	Simoneau	Wejzman
Bettermann	Farrell	Johnson, R.	Luther	Orenstein	Skoglund	Welle
Bishop	Frerichs	Johnson, V.	Lynch	Osthoff	Smith	Wenzel
Blatz	Garcia	Kahn	Macklin	Ostrom	Solberg	Winter
Brown, C.	Girard	Kalis	Mahon	Ozment	Stanius	Wolf
Carlson	Goodno	Kinkel	Mariani	Pawlenty	Steensma	Worke
Carruthers	Greenfield	Klinzing	Milbert	Pelowski	Sviggum	Spk. Long
Clark	Gruenes	Knickerbocker	Mosel	Peterson	Swenson	

Those who voted in the negative were:

Commers	Hasskamp	Kelley	Molnau	Pauly	Tomassoni
Dauids	Hugoson	Kelso	Olson, M.	Perlt	Trimble
Greiling	Huntley	McCollum	Orfield	Seagren	Workman

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

S. F. No. 580 was reported to the House.

Pugh moved to amend S. F. No. 580, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [6.551] [EXAMINATION OF GRANTEES AND CONTRACTORS OF LOCAL GOVERNMENTS.]

The state auditor may examine the books, records, documents, and accounting procedures and practices of a contractor or grantee of a local government pursuant to section 16B.06, subdivision 4. The examination shall be limited to the books, records, documents, and accounting procedures and practices that are relevant to the contract or transaction with the local government.

Sec. 2. Minnesota Statutes 1992, section 6.56, is amended to read:

6.56 [COST OF EXAMINATION, PAYMENT.]

Subdivision 1. [DEFINITION.] As used in this section, "political subdivision" means any county, home rule charter or statutory city, town, school district, metropolitan or regional agency, or other special purpose district of the state of Minnesota.

Subd. 2. [BILLINGS BY STATE AUDITOR.] Upon the examination of the books, records, accounts, and affairs of any county, city, town, or school district political subdivision, as provided by law, such county, city, town, or school district political subdivision 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 political subdivision 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 general fund shall be credited with all collections made for any such examinations, including interest payments made pursuant to subdivision 3.

Subd. 3. [PAYMENT OF INTEREST ON LATE PAYMENTS REQUIRED.] (a) A political subdivision shall pay interest to the state auditor for undisputed billings when the political subdivision has not paid the billing within 60 days following receipt of the invoice. A negotiated contract or agreement between a political subdivision and the state auditor which requires an audit by the political subdivision before acceptance and payment of the state auditor's invoice shall not be considered past due until 60 days after the completion of the audit by the political subdivision. Before any interest payment is made, the state auditor must invoice the political subdivision for the interest.

(b) The rate of interest paid by the political subdivision on undisputed bills not paid within 60 days shall be 1.5 percent per month or any part of a month.

(c) No interest penalties may accrue against a political subdivision that delays payment of a bill due to a disagreement with the state auditor over the validity of the bill if the dispute is settled within 60 days after the bill became due. Upon the resolution of the dispute, the political subdivision must pay the state auditor accrued interest on all proper invoices for which payment was not received within 60 days following the receipt of the original invoice.

(d) The minimum monthly interest penalty payment that a political subdivision shall pay the state auditor for the unpaid balance for any one overdue bill equal to or in excess of \$100, is \$10. For unpaid balances of less than \$100, the political subdivision shall pay the actual penalty due to the state auditor.

Sec. 3. [6.745] [SUMMARY BUDGET DATA TO THE STATE AUDITOR.]

Subdivision 1. [CITIES.] Annually, upon adoption of the city budget, the city council of each home rule charter or statutory city shall forward summary budget information to the office of the state auditor. The summary budget information shall be provided on forms prescribed by the state auditor. The office of the state auditor shall work with representatives of city government to develop a budget reporting form that conforms with city budgeting practices and provides the necessary summary budget information to the office of the state auditor. The summary budget data shall be provided to the office of the state auditor no later than December 31 of the year preceding each budget year.

Subd. 2. [COUNTIES.] Annually, upon adoption of the county budget, the county board shall forward summary budget information to the office of the state auditor. The summary budget information shall be provided on forms prescribed by the state auditor. The office of the state auditor shall work with representatives of county government to develop a budget reporting form that conforms with county budgeting practices and provides the necessary summary budget information to the office of the state auditor. The summary budget data shall be provided to the office of the state auditor no later than December 31 of the year preceding each budget year.

Sec. 4. [6.77] [COUNTY FINANCIAL ACCOUNTING AND REPORTING STANDARDS.]

Subdivision 1. [ESTABLISHMENT.] A county financial accounting and reporting standards task force is established to assist Minnesota counties to maintain and revise the county financial accounting and reporting standards system based on generally accepted governmental accounting principles. The task force shall also provide a forum for representatives of the counties and state to work together to develop uniform standards for financial reporting.

Subd. 2. [MEMBERSHIP.] The task force shall be composed of 13 members. Members shall be selected as follows.

(a) The commissioners of revenue, health, human services, and transportation shall each appoint an individual to serve on the task force. The commissioners of each department shall give priority consideration to appointing individuals who are familiar with county financial reporting standards and generally accepted accounting principles.

(b) The state court administrator shall appoint a district court administrator representing a judicial district in which the responsibility for all district court operations has not been assumed by the state.

(c) The state auditor, after consulting with statewide county associations, shall appoint seven representatives of county government. All representatives of county government shall be familiar with county financial reporting standards and generally accepted accounting principles. The county representatives shall include at least one county auditor, one county administrator, one county financial officer, one representative familiar with financing of county highway departments, and one representative familiar with financing of county human services.

(d) The state auditor, or a designee of the state auditor, shall chair the task force.

Subd. 3. [DUTIES.] The task force shall meet periodically at the call of the chair. The task force shall recommend to the state auditor changes in the chart of accounts necessitated by changes in financial reporting standards. It shall assist counties to implement new accounting and reporting requirements necessitated by law or by generally accepted governmental accounting principles. All agencies of state government are directed to submit to the task force for its review and comment any proposed changes in their fiscal reporting requirements for counties. The task force shall undertake other advisory duties related to county accounts and data standards as it deems necessary and shall make recommendations to the state auditor and other appropriate individuals and agencies.

Sec. 5. Minnesota Statutes 1992, section 16B.06, subdivision 4, is amended to read:

Subd. 4. [SUBJECT TO AUDIT.] A contract or any disbursement of public funds to a provider of services or a grantee made by or under the supervision of the commissioner, an agency, or any county or unit of local government must include, expressly or impliedly, an audit clause that provides that the books, records, documents, and accounting procedures and practices of the contractor or other party, relevant to the contract or transaction are subject to examination by the contracting agency, and either the legislative auditor or the state auditor as appropriate. If the contracting agency is a local unit of government, and the governing body of the local unit of government requests that the state auditor examine the books, records, documents, and accounting procedures and practices of the contractor or other party pursuant to this subdivision, the contracting agency shall be liable for the cost of the examination. If the contracting agency is a local unit of government, and the grantee, contractor, or other party requests that the state auditor examine all books, records, documents, and accounting procedures and practices related to the contract, the grantee, contractor, or other party that requested the examination shall be liable for the cost of the examination. A state contract made for purchase, lease, or license of software and data from the state is not required to contain that audit clause.

Sec. 6. Minnesota Statutes 1992, section 43A.17, subdivision 9, is amended to read:

Subd. 9. [POLITICAL SUBDIVISION SALARY COMPENSATION LIMIT.] The salary and the value of all other forms of compensation of a person employed by a statutory or home rule charter city, county, town, school district, metropolitan or regional agency, or other political subdivision of this state, or employed under section 422A.03, may not exceed 95 percent of the salary of the governor as set under section 15A.082, except as provided in this subdivision. Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which shall be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this subdivision. Other forms of compensation which shall not be included in a determination of an employee's total compensation for the purposes of this subdivision are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation expenses paid during the initial year of employment.

The value of other forms of compensation shall be the annual cost to the political subdivision for the provision of the compensation. The salary of a medical doctor or doctor of osteopathy occupying a position that the governing body of the political subdivision has determined requires an M.D. or D.O. degree is excluded from the limitation in this subdivision. The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the legislative commission on employee relations and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed to have recommended approval.

Sec. 7. Minnesota Statutes 1992, section 340A.602, is amended to read:

340A.602 [CONTINUATION.]

In any city in which the report of the operations of a municipal liquor store has shown a net loss prior to interfund transfer in any two of three consecutive years ~~both (1) a net loss and (2) that no contribution to other municipal funds has been made from the net income of the operation~~, the city council shall, not more than 45 days prior to the end of the fiscal year following the three-year period, hold a public hearing on the question of whether the city shall continue to operate a municipal liquor store. Two weeks notice, written in clear and easily understandable language, of the hearing must be printed in the city's official newspaper. Following the hearing the city council may on its own motion or shall upon petition of five percent or more of the registered voters of the city, submit to the voters at a general or special municipal election the question of whether the city shall continue or discontinue municipal liquor store operations by a date which the city council shall designate. The date designated by the city council must not be more than 30 months following the date of the election.

Sec. 8. Minnesota Statutes 1992, section 375.162, subdivision 2, is amended to read:

Subd. 2. The county board may authorize an imprest fund for the purpose of advancing money to officers or employees to pay their actual and necessary expenses in attending meetings outside the county or for other travel that is related to the performance of their job duties. The county board shall appoint a custodian of the fund who shall be responsible for its safekeeping and disbursement according to law. Attendance at meetings and other travel outside the county shall be authorized in advance by the county board. At a meeting of the county board in the month after ~~a meeting approved~~ travel outside the county, the officer or employee shall submit an itemized claim for the actual and necessary expenses incurred and paid ~~in attending the meeting related to the approved travel~~. The county board shall act upon it as in the case of other claims and a warrant shall be issued to the officer or employee for the amount allowed. The officer or employee shall use the proceeds of the warrant to repay the amount advanced from the fund. If the amount approved by the county board is insufficient to repay the advance, the officer or employee shall be personally responsible for the difference.

Sec. 9. Minnesota Statutes 1992, section 375.18, is amended by adding a subdivision to read:

Subd. 1a. [DEFINITION.] For purposes of this section, a "county administrative official" shall mean a county auditor, treasurer, auditor-treasurer, administrator, coordinator, manager, a clerk/administrator, or a senior fiscal officer.

Sec. 10. Minnesota Statutes 1992, section 375.18, is amended by adding a subdivision to read:

Subd. 1b. [DELEGATION OF AUTHORITY FOR PAYING CERTAIN CLAIMS.] A county board, at its discretion, may delegate its authority to pay certain claims made against the county to a county administrative official. County boards opting to delegate their authority to review claims before payment pursuant to this subdivision shall have internal accounting and administrative control procedures to ensure the proper disbursement of public funds. The procedures shall include regular and frequent review of the county administrative officials' actions by the board. A list of all claims paid under the procedures established by the county board shall be presented to the board for informational purposes only at the next regularly scheduled meeting after payment of the claim. A county board that delegates its authority to pay certain claims made against the county must adopt a resolution authorizing a specified county administrative official to pay the claims that meet the standards and procedures established by the board. This subdivision does not apply to a home rule charter county for which the county charter provides an alternative method for paying claims made against the county.

Sec. 11. Minnesota Statutes 1992, section 412.271, subdivision 1, is amended to read:

Subdivision 1. [METHOD.] No disbursement of city funds, including funds of any municipal liquor dispensary operated by the city, shall be made except by an order drawn by the mayor and clerk upon the treasurer. Except when issued for the payment of judgments, salaries and wages previously fixed by the council or by statute, principal and interest on obligations, rent and other fixed charges, the exact amount of which has been previously determined by contract authorized by the council, and except as otherwise provided in subdivisions 4 ~~and~~, 5, and 8, no order shall be issued until the claim to which it relates has been audited and allowed by the council.

Sec. 12. Minnesota Statutes 1992, section 412.271, is amended by adding a subdivision to read:

Subd. 7. [DEFINITION.] For purposes of this section, a "city administrative official" means a city manager, administrator, treasurer, senior fiscal officer, clerk, or clerk-treasurer.

Sec. 13. Minnesota Statutes 1992, section 412.271, is amended by adding a subdivision to read:

Subd. 8. [DELEGATION OF AUTHORITY FOR PAYING CERTAIN CLAIMS.] A city council, at its discretion, may delegate its authority to pay certain claims made against the city to a city administrative official. City councils opting to delegate their authority to review claims before payment pursuant to this subdivision shall have internal accounting and administrative control procedures to ensure the proper disbursement of public funds. The procedures shall include regular and frequent review of the city administrative officials' actions by the council. A list of all claims paid under the procedures established by the city council shall be presented to the council for informational purposes only at the next regularly scheduled meeting after payment of the claim. A city council that delegates its authority to pay certain claims made against the city must adopt a resolution authorizing a specified city administrative official to pay the claims that meet the standards and procedures established by the council. A city council of a city that does not prepare annual audited financial statements which have been attested to by an independent certified public accountant, public accountant, or the state auditor, may not delegate its authority for paying certain claims against the city pursuant to this subdivision.

Sec. 14. Minnesota Statutes 1992, section 412.641, subdivision 1, is amended to read:

Subdivision 1. The city manager shall be chosen by the council solely on the basis of training, experience, and administrative qualifications and need not be a resident of the city at the time of appointment. The manager shall be appointed for an indefinite period and may be removed by the council at any time, but after having served as manager for one year the city manager may demand written charges and a public hearing on the charges before the council prior to the date when final removal takes effect. A demand for written charges and a hearing must be made within seven days of notification of the council's intent to remove the city manager. The council shall set a date and a reasonable time for a public hearing, which must be held within 30 days of the demand and may not be reconvened or recessed until a further date, absent approval of the council. The council shall notify the city manager within five days of the hearing, of the council's decision to retain or remove the city manager. The decision of the council is final. Pending such hearing and removal, the council may suspend the manager, with or without pay, at the council's discretion, from office. The council may designate some properly qualified person to perform the duties of the manager during absence or disability.

Sec. 15. [465.722] [SEVERANCE PAY FOR HIGHLY COMPENSATED EMPLOYEES.]

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

(a) "Local unit of government" means a statutory or home rule charter city, county, town, school district, metropolitan or regional agency, or other political subdivision.

(b) "Wages" has the meaning provided by section 3401(a) of the Internal Revenue Code of 1986, as amended through December 31, 1992.

(c) "Highly compensated employee" means an employee of a local unit of government with estimated annual wages that:

(1) are greater than 60 percent of the governor's annual salary; and

(2) are equal to, or greater than, 80 percent of the estimated annual wages of the second highest paid employee of the local unit of government.

Subd. 2. [LIMITS ON SEVERANCE PAY.] Notwithstanding any contrary provision of section 465.72, subdivision 1, severance pay for a highly compensated employee includes benefits or compensation with a quantifiable monetary value, that are provided for an employee upon termination of employment and are not part of the employee's annual wages and benefits and are not specifically excluded by this subdivision. Severance pay shall not include payments for accumulated vacation, accumulated sick leave, and accumulated sick leave liquidated to cover the cost of group term insurance provided under section 471.61 to retiring employees. Severance pay for a highly compensated employee does not include payments of periodic contributions by an employer toward premiums for group insurance policies. The severance pay for a highly compensated employee must be excluded from retirement deductions and from any calculations of retirement benefits. Severance pay for a highly compensated employee must be paid in a manner mutually agreeable to the employee and the governing body of the local unit of government over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, the balance due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Except as provided in subdivision 3, severance pay provided for a highly compensated employee leaving employment may not exceed an amount equivalent to six months of wages.

Subd. 3. [EXCEPTIONS TO MAXIMUM ALLOWABLE SEVERANCE PAY FOR A HIGHLY COMPENSATED EMPLOYEE.] Severance pay for a highly compensated employee may exceed an amount equivalent to six months of wages if:

(1) the severance pay benefit is included in an employment contract between the employee and the local unit of government that is in effect on the effective date of this section, and the termination of employment occurs before the expiration date of said contract;

(2) the severance pay is part of an early retirement incentive offer approved by the governing body of the local unit of government and the offer results in a net salary and benefit savings to the budget of the local unit of government upon retirement of the employee and hiring of a replacement employee in the vacant position; or

(3) the commissioner of employee relations has determined a position within a specific local unit of government requires special expertise necessitating a larger severance pay guarantee to attract or retain a qualified person. The commissioner shall develop a process for the governing body of a local unit of government to use when applying for an exemption under this clause. The commissioner shall review each proposed exemption giving due consideration to severance pay guarantees that are made to other persons with similar responsibilities in the state and nation.

Nothing in this subdivision shall be deemed to allow total severance payments for a highly compensated employee that exceed the limits established in section 465.72.

Subd. 4. [GOVERNING BODY MUST APPROVE CERTAIN PAYMENTS; TIME FOR RECISION.] Notwithstanding section 13.43, subdivision 2, any payment to a highly compensated employee for settling disputed claims, whether or not the claims have been filed, or any payment to a highly compensated employee for terminating a written employment contract, must be approved by the governing body of the local unit of government during a public meeting. The financial terms of a payment made pursuant to this subdivision must be made public at the meeting. The effective date of the governing body's approval of a payment made pursuant to this subdivision shall be 15 days after the date of the public meeting. The governing body of a local unit of government approving a payment pursuant to this subdivision, or the employee to whom the payment is to be made, may rescind or reject the payment, prior to the effective date of the governing body's approval.

Sec. 16. [471.666] [PERSONAL USE OF PUBLICLY-OWNED AUTOMOBILES PROHIBITED.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following definitions shall apply:

(a) "Local government vehicle" means a vehicle owned or leased by a political subdivision of the state of Minnesota or loaned to a political subdivision.

(b) "Political subdivision" means a statutory or home rule charter city, county, town, school district, metropolitan or regional agency, or other special purpose district of this state.

(c) "Local government employee" or "employee" means an individual who is appointed or employed by a political subdivision, including all elected officials of political subdivisions.

Subd. 2. [RESTRICTED USES.] A local government vehicle may be used only for authorized local government business, including personal use that is clearly incidental to the use of the vehicle for local government business. A local government vehicle may not be used for transportation to or from the residence of a local government employee, except as provided in subdivision 3.

Subd. 3. [PERMITTED USES.] A local government vehicle may be used by a local government employee to travel to or from the employee's residence:

(1) in connection with work-related activities during hours when the employee is not working;

(2) if the employee has been assigned the use of a local government vehicle for authorized local government business on an extended basis, and the employee's primary place of work is not the local government work station to which the employee is permanently assigned; or

(3) if the employee has been assigned the use of a local government vehicle for authorized local government business away from the work station to which the employee is permanently assigned, and the number of miles traveled, or the time needed to conduct the business, will be minimized if the employee uses a local government vehicle to travel to the employee's residence before or after traveling to the place of local government business.

Subd. 4. [EXCEPTIONS.] This section does not apply to public safety vehicles that are owned or leased by a political subdivision.

Sec. 17. Minnesota Statutes 1992, section 475.66, subdivision 3, is amended to read:

Subd. 3. Subject to the provisions of any resolutions or other instruments securing obligations payable from a debt service fund, any balance in the fund may be invested

(a) in governmental bonds, notes, bills, mortgages, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, excluding mortgage-backed securities that are defined as high risk pursuant to subdivision 5, or in certificates of deposit secured by letters of credit issued by federal home loan banks,

(b) in shares of an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and (2) whose only investments are in (i) securities described in the preceding clause, except that mortgage-backed securities defined as high risk pursuant to subdivision 5 do not apply to shares of an investment company, (ii) general obligation tax-exempt securities rated A or better by a national bond rating service, and (iii) repurchase agreements or reverse repurchase agreements fully collateralized by those securities, if the repurchase agreements or reverse repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the 100 largest United States commercial banks,

(c) in any security which is (1) a general obligation of the state of Minnesota or any of its municipalities, or (2) a general obligation of another state or local government with taxing powers which is rated A or better by a national bond rating service, or (3) a general obligation of the Minnesota housing finance agency, or (4) a general obligation of a housing finance agency of any state if it includes a moral obligation of the state, or (5) a general or revenue obligation of any agency or authority of the state of Minnesota other than a general obligation of the Minnesota housing finance agency. Investments under clauses (3) and (4) must be in obligations that are rated A or better by a national bond rating service and investments under clause (5) must be in obligations that are rated AA or better by a national bond rating service,

(d) in bankers acceptances of United States banks eligible for purchase by the Federal Reserve System,

(e) in commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less, or

(f) in guaranteed investment contracts issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies or their Canadian or United States subsidiaries; provided that the investment contracts rank on a parity with the senior unsecured debt obligations of the issuer or guarantor and, (1) in the case of long-term investment contracts, either (i) the long-term senior unsecured debt of the issuer or guarantor is rated, or obligations backed by letters of credit of the issuer or guarantor if forming the primary

basis of a rating of such obligations would be rated, in the highest or next highest rating category of Standard & Poor's Corporation, Moody's Investors Service, Inc., or a similar nationally recognized rating agency, or (ii) if the issuer is a bank with headquarters in Minnesota, the long-term senior unsecured debt of the issuer is rated, or obligations backed by letters of credit of the issuer if forming the primary basis of a rating of such obligations would be rated in one of the three highest rating categories of Standard & Poor's Corporation, Moody's Investors Service, Inc., or similar nationally recognized rating agency, or (2) in the case of short-term investment contracts, the short-term unsecured debt of the issuer or guarantor is rated, or obligations backed by letters of credit of the issuer or guarantor if forming the primary basis or a rating of such obligations would be rated, in the highest two rating categories of Standard and Poor's Corporation, Moody's Investors Service, Inc., or similar nationally recognized rating agency.

The fund may also be used to purchase any obligation, whether general or special, of an issue which is payable from the fund, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of such an issue prior to maturity in accordance with its terms. The securities representing any such investment may be sold or hypothecated by the municipality at any time, but the money so received remains a part of the fund until used for the purpose for which the fund was created.

Sec. 18. Minnesota Statutes 1992, section 475.66, is amended by adding a subdivision to read:

Subd. 5. For the purposes of this section, "high risk mortgage-backed securities" are:

(a) interest-only or principal-only mortgage-backed securities; and

(b) any mortgage derivative security that:

(1) has an expected average life greater than ten years;

(2) has an expected average life that:

(i) will extend by more than four years as the result of an immediate and sustained parallel shift in the yield curve of plus 300 basis points; or

(ii) will shorten by more than six years as the result of an immediate and sustained parallel shift in the yield curve of minus 300 basis points; or

(3) will have an estimated change in price of more than 17 percent, as the result of an immediate and sustained parallel shift in the yield curve of plus or minus 300 basis points.

Sec. 19. Minnesota Statutes 1992, section 475.66, is amended by adding a subdivision to read:

Subd. 6. (a) For the purpose of this subdivision, the term "broker" means a broker-dealer, broker, or agent of a municipality, who transfers, purchases, sells, or obtains securities for, or on behalf of, a municipality.

(b) Prior to completing an initial transaction with a broker, a municipality shall provide to the broker a written statement of investment restrictions which shall include a provision that all future investments are to be made in accordance with Minnesota Statutes governing the investment of public funds.

A broker must acknowledge receipt of the statement of investment restrictions in writing and agree to handle the municipality's account in accordance with these restrictions. A municipality may not enter into a transaction with a broker until the broker has provided this written agreement to the municipality.

The state auditor shall prepare uniform notification forms which shall be used by the municipalities and the brokers to meet the requirements of this subdivision.

Sec. 20. [ROLLOVER EMPLOYMENT CONTRACTS.]

Subdivision 1. [APPLICABILITY.] This section applies only to employment contracts that are in effect on the effective date of this act, or have been signed prior to the effective date of this act, and does not apply to employment contracts that are signed on or after the effective date of this act.

Subd. 2. [ACTIONS BY GOVERNING BODY.] (a) The governing body of a political subdivision may not agree to extend an existing employment contract with an employee of the political subdivision, or a group of employees of the political subdivision. If the governing body of a political subdivision is a party to an existing employment contract which requires the governing body to take action to prevent an automatic extension of the contract, the governing body shall take the action specified in the contract to prevent the automatic extension of the contract.

(b) The governing body of a political subdivision that is a party to an employment contract affected by paragraph (a), may, at its sole discretion, agree to enter into a new employment contract with the affected employee or employees. The new employment contract shall conform to the provisions of this act.

Sec. 21. [EXEMPTION FROM ANNUAL AUDIT.]

Notwithstanding Minnesota Statutes, section 412.591, subdivision 2, the city of Hazel Run is exempt from the annual audit of the city's financial affairs for the 1992 year.

Sec. 22. [SEVERABILITY.]

If any section of this act is found unconstitutional, that finding does not affect the constitutionality of the remaining sections.

Sec. 23. [EFFECTIVE DATE.]

Section 19 is effective January 1, 1994."

Delete the title and insert:

"A bill for an act relating to local government; providing for the preparation and review of accounts; providing for duties of the state auditor; providing for the costs of examinations; defining the limits to various types of compensation; providing procedures for the satisfaction of claims; providing procedures for the removal of city managers; limiting certain high risk investments; exempting Hazel Run from annual audit for the year 1992; amending Minnesota Statutes 1992, sections 6.56; 16B.06, subdivision 4; 43A.17, subdivision 9; 340A.602; 375.162, subdivision 2; 375.18, by adding subdivisions; 412.271, subdivision 1, and by adding subdivisions; 412.641, subdivision 1; and 475.66, subdivision 3, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 6; 465; and 471."

The motion prevailed and the amendment was adopted.

Pugh moved to amend S. F. No. 580, as amended, as follows:

Pages 4 and 5, delete section 4

Page 6, line 25, before the semicolon insert "or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986"

Page 12, delete lines 29 to 34 and insert:

"(2) the severance pay is part of an early retirement incentive offer approved by the governing body of the local unit of government and the same early retirement incentive offer is also made available to all other employees of the local unit of government who meet generally defined criteria relative to age or length of service;

(3) the governing body of a local unit of government adopts a resolution certifying that:

(i) the highly-compensated employee was a full-time employee of the local unit of government for the entire period between January 1, 1983, and December 31, 1992;

(ii) the highly-compensated employee was covered by one or more employment contracts or agreements which entitled the employee to specified severance pay benefits throughout the entire ten-year period specified in clause (i);

(iii) the employment contract or agreement in effect on December 31, 1992, will, at the time of the employee's separation from employment with the local unit of government, result in a severance payment that exceeds the limits specified in subdivision 2; and

(iv) the amount of severance pay that exceeds the limits specified in subdivision 2 was based on a commitment to provide the employee with a specified severance guarantee in lieu of a higher level of some other form of compensation; or"

Page 12, line 35, delete "(3)" and insert "(4)"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Reding moved to amend S. F. No. 580, as amended, as follows:

Page 7, after line 16, insert:

"Sec. 7. Minnesota Statutes 1992, section 43A.17, is amended by adding a subdivision to read:

Subd. 11. [SEVERANCE PAY FOR CERTAIN EMPLOYEES.] (a) For purposes of this subdivision, "highly compensated employee" means an employee of the state whose estimated annual compensation is greater than 60 percent of the governor's annual salary, and who is not covered by a collective bargaining agreement negotiated under chapter 179A.

(b) Severance pay for a highly compensated employee includes benefits or compensation with a quantifiable monetary value, that are provided for an employee upon termination of employment and are not part of the employee's annual wages and benefits and are not specifically excluded by this subdivision. Severance pay does not include payments for accumulated vacation, accumulated sick leave, and accumulated sick leave liquidated to cover the cost of group term insurance. Severance pay for a highly compensated employee does not include payments of periodic contributions by an employer toward premiums for group insurance policies. The severance pay for a highly compensated employee must be excluded from retirement deductions and from any calculations of retirement benefits. Severance pay for a highly compensated employee must be paid in a manner mutually agreeable to the employee and the employee's appointing authority over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, the balance due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Except as provided in paragraph (c), severance pay provided for a highly compensated employee leaving employment may not exceed an amount equivalent to six months of pay.

(c) Severance pay for a highly compensated employee may exceed an amount equivalent to six months of pay if the severance pay is part of an early retirement incentive offer approved by the state and the same early retirement incentive offer is also made available to all other employees of the appointing authority who meet generally defined criteria relative to age or length of service."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 580, A bill for an act relating to state and local government; providing for the preparation and review of accounts; providing for duties of the state auditor; providing for the costs of examinations; defining the limits to various types of compensation; providing procedures for the satisfaction of claims; providing procedures for the removal of city managers; limiting certain high risk investments; amending Minnesota Statutes 1992, sections 6.56; 16B.06, subdivision 4; 43A.17, subdivision 9, and by adding a subdivision; 340A.602; 375.162, subdivision 2; 375.18, by adding subdivisions; 412.271, subdivision 1, and by adding subdivisions; 412.641, subdivision 1; and 475.66, subdivision 3, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 6; 465; and 471.

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 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Wolf Workman

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

S. F. No. 880, A bill for an act relating to the environment; changing methods for assessing and collecting hazardous waste administration fees; providing for rulemaking; amending Minnesota Statutes 1992, sections 116.12; and 473.811, subdivision 5b.

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	Beard	Brown, C.	Cooper	Dorn	Goodno	Hausman
Anderson, I.	Bergson	Brown, K.	Davids	Erhardt	Greiling	Holsten
Anderson, R.	Bertram	Carlson	Dawkins	Evans	Gruenes	Hugoson
Asch	Bettermann	Carruthers	Dehler	Farrell	Gutknecht	Huntley
Battaglia	Bishop	Clark	Delmont	Garcia	Hasskamp	Jacobs
Bauerly	Blatz	Commers	Dempsey	Girard	Haukoos	Jaros

Jefferson	Koppendrayner	Mahon	Olson, K.	Perlt	Skoglund	Vellenga
Jennings	Krinkie	Mariani	Olson, M.	Peterson	Smith	Vickerman
Johnson, A.	Krueger	McCollum	Onnen	Pugh	Soiberg	Wagenius
Johnson, R.	Lasley	McGuire	Opatz	Reding	Stanius	Waltman
Johnson, V.	Leppik	Milbert	Orenstein	Rest	Steensma	Weaver
Kahn	Lieder	Molnau	Orfield	Rhodes	Sviggum	Wejzman
Kalis	Limmer	Mosel	Osthoff	Rice	Swenson	Welle
Kelley	Lindner	Munger	Ostrom	Rodosovich	Tomassoni	Wenzel
Kelso	Lourey	Murphy	Ozment	Rukavina	Tompkins	Winter
Kinkel	Luther	Neary	Pauly	Seagren	Trimble	Worke
Klinzing	Lynch	Nelson	Pawlenty	Sekhon	Tunheim	Workman
Knickerbocker	Macklin	Ness	Pelowski	Simoneau	Van Dellen	Spk. Long

Those who voted in the negative were:

Dauner Olson, E.

The bill was passed and its title agreed to.

S. F. No. 566, A bill for an act relating to retirement; removing the requirement for periodic review of the rule of 90; repealing Minnesota Statutes 1992, section 356.85.

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

The bill was passed and its title agreed to.

Perlt was excused while in conference.

S. F. No. 663 was reported to the House.

Wejzman moved that S. F. No. 663 be continued on Special Orders. The motion prevailed.

S. F. No. 1000 was reported to the House.

Knickerbocker moved to amend S. F. No. 1000, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 82.17, subdivision 4, is amended to read:

Subd. 4. "Real estate broker" or "broker" means any person who:

(a) for another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly lists, sells, exchanges, buys or rents, manages, or offers or attempts to negotiate a sale, option, exchange, purchase or rental of an interest or estate in real estate, or advertises or holds out as engaged in these activities;

(b) for another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly negotiates or offers or attempts to negotiate a loan, secured or to be secured by a mortgage or other encumbrance on real estate;

(c) for another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly lists, sells, exchanges, buys, rents, manages, offers or attempts to negotiate a sale, option, exchange, purchase or rental of any business opportunity or business, or its good will, inventory, or fixtures, or any interest therein;

(d) for another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly offers, sells or attempts to negotiate the sale of property that is subject to the registration requirements of chapter 83, concerning subdivided land;

~~(e) engages in the business of charging an advance fee or contracting for collection of a fee in connection with any contract whereby the person undertakes to promote the sale of real estate through its listing in a publication issued primarily for this purpose; for another and for commission, fee, or other valuable consideration or with the intention or expectation of receiving the same, promotes the sale of real estate by advertising it in a publication issued primarily for this purpose, if the person:~~

(1) negotiates on behalf of any party to a transaction;

(2) disseminates any information regarding the property to any party or potential party to a transaction subsequent to the publication of the advertisement, except that in response to an initial inquiry from a potential purchaser, the person may forward additional written information regarding the property which has been prepared prior to the publication by the seller or broker or a representative of either;

(3) counsels, advises, or offers suggestions to the seller or a representative of the seller with regard to the marketing, offer, sale, or lease of the real estate, whether prior to or subsequent to the publication of the advertisement;

(4) counsels, advises, or offers suggestions to a potential buyer or a representative of the seller with regard to the purchase or rental of any advertised real estate; or

(5) engages in any other activity otherwise subject to licensure under this chapter;

(f) engages wholly or in part in the business of selling real estate to the extent that a pattern of real estate sales is established, whether or not the real estate is owned by the person. A person shall be presumed to be engaged in the business of selling real estate if the person engages as principal in five or more transactions during any 12-month period, unless the person is represented by a licensed real estate broker or salesperson;

(g) offers or makes more than five loans secured by real estate during any 12-month period and who is not a bank, savings bank, mutual savings bank, building and loan association, or savings and loan association organized under the laws of this state or the United States, trust company, trust company acting as a fiduciary, or other financial institution subject to the supervision of the commissioner of commerce, or mortgagee or lender approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the Farmers Home Administration, or approved or certified by the Federal Home Loan Mortgage Corporation, or approved or certified by the Federal National Mortgage Association.

Sec. 2. Minnesota Statutes 1992, section 82.17, is amended by adding a subdivision to read:

Subd. 11. [DUAL AGENCY.] "Dual agency" means a situation in which a licensee owes a duty to more than one party to the transaction.

Circumstances which establish dual agency include the following:

- (1) when one licensee represents both the buyer and the seller in a real estate transaction; or
- (2) when two or more licensees, licensed to the same broker, each represent a party to the transaction.

Sec. 3. Minnesota Statutes 1992, section 82.17, is amended by adding a subdivision to read:

Subd. 12. [RESIDENTIAL REAL PROPERTY OR RESIDENTIAL REAL ESTATE.] "Residential real property" or "residential real estate" means property occupied by, or intended to be occupied by, one to four families as their residence.

Sec. 4. Minnesota Statutes 1992, section 82.19, is amended by adding a subdivision to read:

Subd. 4a. [SELF-SERVING PROVISION PROHIBITED.] No purchase agreement, earnest money contract, or similar contract for the purchase, rental, or lease of real property may contain any hold harmless clause or arbitration clause which addresses the rights or liabilities of persons required to be licensed pursuant to this chapter unless the person required to be licensed is a principal in the transaction.

This does not prohibit separate and independent written agreements between any of the parties and persons required to be licensed pursuant to this chapter.

Sec. 5. Minnesota Statutes 1992, section 82.19, subdivision 5, is amended to read:

Subd. 5. [DISCLOSURE REGARDING REPRESENTATION OF PARTIES.] (a) No person licensed pursuant to this chapter or who otherwise acts as a real estate broker or salesperson shall represent any party or parties to a real estate transaction or otherwise act as a real estate broker or salesperson unless that person makes an affirmative written disclosure to all parties to the transaction as to which party that person represents in the transaction. In a residential real property transaction, the disclosure must be made at the first substantive contact between the licensee and the party or potential party to the transaction. The disclosure shall be printed in at least 6 point bold type on the purchase agreement and acknowledged by separate signatures of the buyer and seller as a separate document, and acknowledged by the signature of the buyer, seller, or customer.

(b) The disclosure required by this subdivision must be made by the licensee prior to any offer being made to or accepted by the buyer. A change in licensee's representation that makes the initial disclosure incomplete, misleading, or inaccurate requires that a new disclosure be made at once, with respect to any residential property transaction:

- (1) when representing the seller, at the signing of a listing agreement;
- (2) when representing the buyer, at the signing of a buyer's broker agreement;
- (3) as to all other parties (potential buyers or sellers) who are not represented by the licensee, before discussion of financial information or the commencement of negotiations, which could affect that party's bargaining position in the transaction.

A change in the licensee's representation, including dual agency, that makes the initial disclosure required by this paragraph incomplete, misleading, or inaccurate requires that a new disclosure be made at once.

(c) The seller may, in the listing agreement, authorize the seller's broker to disburse part of the broker's compensation to other brokers, including the buyer's brokers solely representing the buyer. A broker representing a buyer shall make known to the seller or the seller's agent the fact of the agency relationship before any showing or negotiations are initiated.

Sec. 6. Minnesota Statutes 1992, section 82.19, is amended by adding a subdivision to read:

Subd. 8. [CLOSING SERVICES.] No real estate broker, salesperson, or closing agent shall require a person to use any particular lender, licensed attorney, real estate broker, real estate salesperson, real estate closing agent, or title company in connection with a residential real estate closing.

Sec. 7. [82.195] [LISTING AGREEMENTS.]

Subdivision 1. [REQUIREMENT.] Licensees shall obtain a signed listing agreement from the owner of real property or from another person authorized to offer the property for sale or lease before advertising to the general public that the real property is available for sale or lease.

For the purposes of this section "advertising" includes placing a sign on the owner's property that indicates that the property is being offered for sale or lease.

Subd. 2. [CONTENTS.] All listing agreements must be in writing and must include:

- (1) a definite expiration date;
- (2) a description of the real property involved;
- (3) the list price and any terms required by the seller;
- (4) the amount of any compensation or commission or the basis for computing the commission;
- (5) a clear statement explaining the events or conditions that will entitle a broker to a commission;
- (6) information regarding an override clause, if applicable, including a statement to the effect that the override clause will not be effective unless the licensee supplies the seller with a protective list within 72 hours after the expiration of the listing agreement;
- (7) the following notice in not less than ten point boldface type immediately preceding any provision of the listing agreement relating to compensation of the licensee:

"NOTICE: THE COMMISSION RATE FOR THE SALE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND ITS CLIENT.";

(8) if the broker chooses to represent both buyers and sellers in connection with residential property transactions, a "dual agency" disclosure statement;

(9) a notice requiring the seller to indicate in writing whether it is acceptable to the seller to have the licensee arrange for closing services or whether the seller wishes to arrange for others to conduct the closing. The notice must also include the disclosure of any controlled business arrangement, as the term is defined in United States Code, title 12, section 1602, between the licensee and the real estate closing agent through which the licensee proposes to arrange closing services; and

(10) for residential listings, a notice stating that after the expiration of the listing agreement, the seller will not be obligated to pay the licensee a fee or commission if the seller has executed another valid listing agreement pursuant to which the seller is obligated to pay a fee or commission to another licensee for the sale, lease, or exchange of the real property in question. This notice may be used in the listing agreement for any other type of real estate.

Subd. 3. [PROHIBITED PROVISIONS.] Except as otherwise provided in subdivision 4, paragraph (b), licensees shall not include in a listing agreement a holdover clause, automatic extension, or any similar provision, or an override clause the length of which is more than six months after the expiration of the listing agreement.

Subd. 4. [OVERRIDE CLAUSES.] (a) Licensees shall not seek to enforce an override clause unless a protective list has been furnished to the seller within 72 hours after the expiration of the listing agreement.

(b) A listing agreement may contain an override clause of up to two years in length when used in conjunction with the purchase or sale of a business. The length of the override clause must be negotiable between the licensee and the seller of the business. The protective list provided in connection with the override clause must include the written acknowledgment of each party named on the protective list, that the business which is the subject of the listing agreement was presented to that party by the licensee.

Subd. 5. [PROTECTIVE LISTS.] A broker or salesperson has the burden of demonstrating that each person on the protective list has, during the period of the listing agreement, either made an affirmative showing of interest in the property by responding to an advertisement or by contacting the broker or salesperson involved or has been physically shown the property by the broker or salesperson. For the purpose of this section, the mere mailing or other distribution by a licensee of literature setting forth information about the property in question does not, of itself, constitute an affirmative showing of interest in the property on the part of a subsequent purchaser.

For listings of nonresidential real property which do not contain the notice described in subdivision 2, clause (10), the protective list must contain the following notice in boldface type:

"IF YOU RELIST WITH ANOTHER BROKER WITHIN THE OVERRIDE PERIOD AND THEN SELL YOUR PROPERTY TO ANYONE WHOSE NAME APPEARS ON THIS LIST, YOU COULD BE LIABLE FOR FULL COMMISSIONS TO BOTH BROKERS. IF THIS NOTICE IS NOT FULLY UNDERSTOOD, SEEK COMPETENT ADVICE."

Sec. 8. [82.196] [BUYER'S BROKER AGREEMENTS.]

Subdivision 1. [REQUIREMENTS.] Licensees shall obtain a signed buyer's broker agreement from a buyer before performing any acts as a buyer's representative.

Subd. 2. [CONTENTS.] All buyer's broker agreements must be in writing and must include:

- (1) a definite expiration date;
- (2) the amount of any compensation or commission, or the basis for computing the commission;
- (3) a clear statement explaining the services to be provided to the buyer by the broker, and the events or conditions that will entitle a broker to a commission or other compensation;
- (4) a provision for cancellation of the agreement by either party upon terms agreed upon by the parties;
- (5) information regarding an override clause, if applicable, including a statement to the effect that the override clause will not be effective unless the licensee supplies the buyer with a protective list within 72 hours after the expiration of the buyer's broker agreement;
- (6) the following notice in not less than ten point bold face type immediately preceding any provision of the buyer's broker agreement relating to compensation of the licensee:

"NOTICE: THE COMMISSION RATE FOR THE PURCHASE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY IS NEGOTIABLE AND SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND ITS CLIENT."

- (7) if the broker chooses to represent both buyers and sellers, a "dual agency" disclosure statement; and
- (8) for buyer's broker agreements which involve residential real property, a notice stating that after the expiration of the buyer's broker agreement, the buyer will not be obligated to pay the licensee a fee or commission if the buyer has executed another valid buyer's broker agreement pursuant to which the buyer is obligated to pay a fee or commission to another licensee for the purchase, lease, or exchange of real property.

Subd. 3. [PROHIBITED PROVISIONS.] Licensees shall not include in a buyer's broker agreement a holdover clause, automatic extension, or any other similar provision, or an override clause the length of which is more than six months after the expiration of the buyer's broker agreement.

Subd. 4. [OVERRIDE CLAUSES.] Licensees shall not seek to enforce an override clause unless a protective list has been furnished to the buyer within 72 hours after the expiration of the buyer's broker agreement.

Subd. 5. [PROTECTIVE LISTS.] A licensee has the burden of demonstrating that each property on the protective list has been shown to the buyer, or specifically brought to the attention of the buyer, during the time the buyer's broker agreement was in effect.

Subd. 6. [APPLICATION.] This section applies only to residential real property transactions.

Sec. 9. [82.197] [DISCLOSURE REQUIREMENTS.]

Subdivision 1. [AGENCY DISCLOSURE.] The listing agreement or a buyer's broker agreement must include a clear and complete explanation of how the broker will represent the interests of the seller or buyer, and, if the broker represents both sellers and buyers, state how that representation would be altered in a dual agency situation, and require the seller or buyer to choose whether to authorize the broker to initiate any transaction which would give rise to dual agency. Disclosure to a customer of a licensee's agency relationship with other parties must be made at a time and in a manner sufficient to protect the customer's bargaining position.

Subd. 2. [CREATION OF DUAL AGENCY.] If circumstances create a dual agency situation, the broker must make full disclosure to all parties to the transaction as to the change in relationship of the parties to the broker due to dual agency. A broker, having made full disclosure, must obtain the consent of all parties to these circumstances before accepting the dual agency.

Subd. 3. [SCOPE AND EFFECT.] The requirements for disclosure of agency relationships set forth in this chapter are intended only to establish a minimum standard for regulatory purposes, and are not intended to abrogate common law.

Subd. 4. [AGENCY DISCLOSURE FORMS.] (a) Disclosures of agency relationships shall be made in substantially the form set forth in paragraphs (b) to (e):

(b) ADDENDUM TO LISTING AGREEMENT

....(Broker).... will be representing you as your broker in the sale of your property located at This relationship is called an agency. As your agent,(Broker).... owes you the duties of loyalty, obedience, disclosure, confidentiality, reasonable care and diligence, and full accounting. However,(Broker).... also represents buyers looking for properties. If a buyer represented by(Broker).... becomes interested in your property, a dual agency will be created. This means that(Broker).... will owe the same duties to the buyer that we owe to you. This conflict of interest will prohibit(Broker).... from advocating exclusively on your behalf when attempting to effect the sale of your property. Dual agency will limit the level of representation which(Broker).... can provide.

If a dual agency should arise, you will need to agree that confidential information about price, terms, and motivation will still be kept confidential unless you instruct(Broker).... in writing to disclose specific information about you or your property. All other information will be shared. Regardless of whether a dual agency occurs,(Broker).... must disclose to the buyer any material facts of which(Broker).... is aware that may adversely and significantly affect the buyer's use or enjoyment of the property. In addition,(Broker).... must disclose to both parties any information of which(Broker).... is aware that a party will not perform in accordance with the terms of the purchase agreement or similar written agreement to convey real estate.

....(Broker).... cannot act as a dual agent unless both you and the buyer agree to the dual agency after it is disclosed to you. By agreeing to a possible dual agency, you will be giving up the right to exclusive representation in an in-house transaction. However, if you should decide not to agree to a possible dual agency, and you want(Broker).... to represent you, you may give up the opportunity to sell your property to buyers represented by(Broker)....

SELLER'S INSTRUCTIONS TO BROKER

Having read and understood this information about dual agency, you now instruct(Broker).... as follows:

.... Seller agrees to dual agency representation and will consider offers made by buyers represented by(Broker)....

.... Seller does not agree to dual agency representation and will not consider offers made by buyers represented by(Broker)....

.....
Seller
.....
Seller
Dated:

.....
(Broker)
BY:
Salesperson

(c) ADDENDUM TO BUYER REPRESENTATION AGREEMENT

....(Broker).... will be representing you as your broker to assist you in finding and purchasing a property. This relationship is called an agency. As your agent,(Broker).... owes you the duties of loyalty, obedience, disclosure, confidentiality, reasonable care and diligence, and full accounting. However,(Broker).... also represents sellers by listing their property for sale. If you become interested in a property listed by(Broker)...., a dual agency will be created. This means that(Broker).... will owe the same duties to the seller that(Broker).... owes to you. This conflict of interest will prohibit(Broker).... from advocating exclusively on your behalf when attempting to effect the purchase of the property. Dual agency will limit the level of representation(Broker).... can provide.

If a dual agency should arise, you will need to agree that confidential information about price, terms, and motivation will still be kept confidential unless you instruct(Broker).... in writing to disclose specific information about you. All other information will be shared. Regardless of whether a dual agency occurs,(Broker).... must disclose to the buyer any material facts of which(Broker).... is aware that may adversely and significantly affect the buyer's use or enjoyment of the property. In addition,(Broker).... must disclose to both parties any information of which(Broker).... is aware that a party will not perform in accordance with the terms of the purchase agreement or similar written agreement to convey real estate.

....(Broker).... cannot act as a dual agent unless both you and the seller agree to the dual agency after it is disclosed to you. By agreeing to a possible dual agency, you will be giving up the right to exclusive representation in an in-house transaction. However, if you should decide not to agree to a possible dual agency, and you want(Broker).... to represent you, you may give up the opportunity to purchase the properties listed by(Broker)....

BUYER'S INSTRUCTIONS TO BROKER

Having read and understood this information about dual agency, you now instruct(Broker).... as follows:

.... Buyer will agree to a dual agency representation and will consider properties listed by(Broker)....

.... Buyer will not agree to a dual agency representation and will not consider properties listed by(Broker)....

.....
Buyer
.....
Buyer
Dated:

.....
(Broker)
.....
BY:

Salesperson

(d) DISCLOSURE TO CUSTOMER

Before(Broker).... begins to assist you in finding and purchasing a property, we must disclose to you that(Broker).... will be representing the seller in the transaction.

....(Broker).... will disclose to you all material facts about the property of which(Broker).... is aware, that could adversely and significantly affect your use or enjoyment of the property.(Broker).... will also assist you with the mechanics of the transaction.

When it comes to the price and terms of an offer,(Broker).... will ask you to make the decision as to how much to offer for any property and upon what terms and conditions.(Broker).... can explain your options to you, but the ultimate decision is yours.(Broker).... will attempt to show you properties in the price range and category you desire so that you will have information on which to base your decision.

....(Broker).... will present to the seller any written offer that you ask(Broker).... to present.(Broker).... asks you to keep to yourself any information about the price or terms of your offer, or your motivation for making an offer, that you do not want the seller to know.(Broker).... would be required, as the seller's agent, to disclose this information to the seller. You should carefully consider sharing any information with(Broker).... that you do not want disclosed to the seller.

.....
Customer
.....
Customer
Dated:

.....
(Broker)
.....
BY:

Salesperson

(e) DISCLOSURE TO BUYER AND SELLER AT TIME OF OFFER TO PURCHASE

....(Broker).... represents the seller at the property located at

....(Broker).... also represents a buyer who offered to purchase the seller's property.

When(Broker).... represents both the buyer and the seller in a transaction, a dual agency is created. This means that(Broker).... and its agents owe a fiduciary duty to both buyer and seller. Because buyer and seller may have conflicting interests,(Broker).... and its agents are prohibited from advocating exclusively for either party.

....(Broker).... cannot represent both the buyer and seller in this transaction unless both the buyer and seller agree to this dual agency.

Buyer and seller acknowledge and agree that:

1. Confidential information communicated to(Broker).... which regards price, terms, or motivation to buy or sell will remain confidential unless buyer or seller instructs(Broker).... in writing to disclose this information about the buyer or seller. Other information will be shared.

2.(Broker).... and its salespersons will disclose to buyer all material facts of which they are aware which could adversely and significantly affect the buyer's use or enjoyment of the property or any intended use of the property of which(Broker).... or its salespersons are aware (this disclosure is required by law whether or not a dual agency is involved).

3.(Broker).... and its salespersons will disclose to both parties all information of which they are aware that either party will not perform in accordance with the terms of the purchase agreement or other written agreement to convey real estate (this disclosure is required by law whether or not a dual agency is involved).

4.(Broker).... and its salespersons will not represent the interests of either party to the detriment of the other.

5. Within the limits of dual agency,(Broker).... and its salespersons will work diligently to facilitate the mechanics of the sale.

With the knowledge and understanding of the explanation above, buyer and seller authorize and instruct(Broker).... and its salespersons to act as dual agents in this transaction.

.....
Buyer
.....
Buyer
Date:

.....
Seller
.....
Seller
Date:

Subd. 5. [APPLICATION.] The disclosures required by subdivision 4 apply only to residential real property transactions.

Sec. 10. Minnesota Statutes 1992, section 82.20, subdivision 15, is amended to read:

Subd. 15. [EXEMPTION.] The following persons, when acting as closing agents, are exempt from the requirements of sections 82.19 and 82.24 unless otherwise required in this section or chapter:

- (1) a direct employee of a title company, or a person who has an agency agreement with a title company in which the agent agrees to perform closing services on the title company's behalf and the title company assumes responsibility for the actions of the agent as if the agent were a direct employee of the title company;
- (2) a licensed attorney or a direct employee of a licensed attorney;
- (3) a licensed real estate broker or salesperson;
- (4) a direct employee of a licensed real estate broker if the broker maintains all funds received in connection with the closing services in the broker's trust account; and

(5) any bank, trust company, savings and loan association, credit union, industrial loan and thrift company, regulated lender under chapter 56, public utility, or land mortgage or farm loan association organized under the laws of this state or the United States, when engaged in the transaction of businesses within the scope of its corporate powers as provided by law.

Sec. 11. Minnesota Statutes 1992, section 82.21, subdivision 1, is amended to read:

Subdivision 1. [AMOUNTS.] The following fees shall be paid to the commissioner:

(a) A fee of \$100 per year for each initial individual broker's license, and a fee of \$50 per year for each ~~annual~~ renewal thereof;

(b) A fee of \$50 per year for each initial salesperson's license, and a fee of \$20 per year for each ~~annual~~ renewal thereof;

(c) A fee of \$55 per year for each initial real estate closing agent license, and a fee of \$30 per year for each ~~annual~~ renewal;

(d) A fee of \$100 per year for each initial corporate or partnership license, and a fee of \$50 per year for each ~~annual~~ renewal thereof;

(e) A fee ~~not to exceed~~ of \$40 per year for payment to the education, research and recovery fund in accordance with section 82.34;

(f) A fee of \$20 for each transfer;

(g) A fee of \$50 for a corporation or partnership name change;

(h) A fee of \$10 for an agent name change;

(i) A fee of \$20 for a license history;

(j) A fee of \$10 for a duplicate license;

(k) A fee of \$50 for license reinstatement;

(l) A fee of \$20 for reactivating a corporate or partnership license without land;

(m) A fee of \$100 for course coordinator approval; and

(n) A fee of ~~\$10~~ \$20 for each hour or fraction of one hour of course approval sought.

Sec. 12. Minnesota Statutes 1992, section 82.21, is amended by adding a subdivision to read:

Subd. 2a. [BROKER PAYMENT CONSOLIDATION.] For all license renewal fees, recovery fund renewal fees, and recovery fund assessments pursuant to this section and section 82.34, the broker must remit the fees or assessments for the company, broker, and all salespersons licensed to the broker, in the form of a single check.

Sec. 13. Minnesota Statutes 1992, section 82.22, subdivision 6, is amended to read:

Subd. 6. [INSTRUCTION; NEW LICENSES.] (a) ~~After January 1, 1987,~~ Every applicant for a salesperson's license shall be required to successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner before taking the examination specified in subdivision 1. ~~After January 1, 1987,~~ Every applicant for a salesperson's license shall be required to successfully complete an additional course of study in the real estate field consisting of 60 hours of instruction approved by the commissioner, of which three hours shall consist of training in state and federal fair housing laws, regulations, and rules, before filing an application for the license. ~~Every salesperson licensed after January 1, 1987,~~ shall, within one year of licensure, be required to successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner.

~~(b) After December 31, 1983, and before January 1, 1987, every applicant for a salesperson's license shall be required to successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner before taking the examination specified in subdivision 1. After December 31, 1983, and before January 1, 1987, every applicant for a salesperson's license shall be required to successfully complete an additional course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner before filing an application for the license. Every salesperson licensed after December 31, 1983, and before January 1, 1987, shall, within one year of the date a license was first issued, be required to successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner.~~

(e) The commissioner may approve courses of study in the real estate field offered in educational institutions of higher learning in this state or courses of study in the real estate field developed by and offered under the auspices of the national association of realtors, its affiliates, or private real estate schools. The commissioner shall not approve any course offered by, sponsored by, or affiliated with any person or company licensed to engage in the real estate business. The commissioner may by rule prescribe the curriculum and qualification of those employed as instructors.

~~(d) After January 1, 1988,~~ (c) An applicant for a broker's license must successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner, of which three hours shall consist of training in state and federal fair housing laws, regulations, and rules. The course must have been completed within six months prior to the date of application for the broker's license.

~~(e) After August 1, 1989,~~ (d) An applicant for a real estate closing agent's license must successfully complete a course of study relating to closing services consisting of eight hours of instruction approved by the commissioner.

Sec. 14. Minnesota Statutes 1992, section 82.22, subdivision 13, is amended to read:

Subd. 13. [CONTINUING EDUCATION.] (a) ~~After July 1, 1987,~~ All real estate salespersons and all real estate brokers shall be required to successfully complete 15 hours of real estate education, either as a student or a lecturer, in courses of study approved by the commissioner, each year after their initial annual renewal date or after the expiration of their currently assigned three year continuing education due date. All salespersons and brokers shall report continuing education on an annual basis no later than ~~June 30, 1990~~ May 31. Hours in excess of 15 earned in any one year may be carried forward to the following year.

(b) The commissioner shall adopt rules defining the standards for course and instructor approval, and may adopt rules for the proper administration of this subdivision.

(c) Any program approved by Minnesota continuing legal education shall be approved by the commissioner of commerce for continuing education for real estate brokers and salespeople if the program or any part thereof relates to real estate.

(d) As part of the continuing education requirements of this section, the commissioner shall require that all real estate brokers and salespersons receive at least two hours of training every even-numbered year in courses in state and federal fair housing laws, regulations, and rules, or other antidiscrimination laws.

Sec. 15. Minnesota Statutes 1992, section 82.24, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) All trust funds received by a broker or the broker's salespeople or closing agents shall be deposited forthwith upon receipt in a trust account, maintained by the broker for such purpose in a bank, savings and loan association, credit union, or an industrial loan and thrift company with deposit liabilities designated by the broker or closing agent, except as such money may be paid to one of the parties pursuant to express written agreement between the parties to a transaction. The depository bank shall be a Minnesota bank or trust company or any foreign bank and shall authorize the commissioner to examine its records of such deposits upon demand by the commissioner. The industrial loan and thrift company shall be organized under chapter 53. The savings and loan association or credit union shall be organized under the laws of any state or the United States.

(b) All trust accounts opened or maintained pursuant to requirements of paragraph (a) must be established through the use of an employer identification number. Any trust account currently identified with a broker's personal social security number must be changed to reflect the broker's employer's identification number rather than the broker's personal social security number.

Sec. 16. Minnesota Statutes 1992, section 82.27, subdivision 1, is amended to read:

Subdivision 1. The commissioner may by order deny, suspend or revoke any license or may censure a licensee if the commissioner finds (1) that the order is in the public interest, and (2) that the applicant or licensee or, in the case of a broker, any officer, director, partner, employee or agent or any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker or closing agent or controlled by the broker or closing agent:

(a) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, is false or misleading with respect to any material fact;

(b) has engaged in a fraudulent, deceptive, or dishonest practice;

(c) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the real estate business;

(d) has failed to reasonably supervise brokers, salespersons, or closing agents so as to cause injury or harm to the public;

(e) has violated or failed to comply with any provision of this chapter or any rule or order under this chapter; or

(f) has, in the conduct of the licensee's affairs under the license, been shown to be incompetent, untrustworthy, or financially irresponsible; or

(g) has acted on behalf of any party to a transaction, where the licensee has a conflict of interest that may affect the licensee's ability to represent that party, without the knowledge and consent of the party.

Sec. 17. Minnesota Statutes 1992, section 82.33, subdivision 2, is amended to read:

Subd. 2. No person required by this chapter to be licensed shall be entitled to or may bring or maintain any action in the courts for any commission, fee or other compensation with respect to the purchase, sale, lease or other disposition or conveyance of real property, or with respect to the negotiation or attempt to negotiate any sale, lease or other disposition or conveyance of real property unless there is a written agreement with the person ~~bringing or maintaining the action~~ required to be licensed.

Sec. 18. Minnesota Statutes 1992, section 82.33, is amended by adding a subdivision to read:

Subd. 3. No person required by this chapter to be licensed shall be entitled to bring any action to recover any commission, fee, or other compensation with respect to the purchase, sale, lease, or other disposition or conveyance of residential real property, or with respect to the negotiation or attempt to negotiate any sale, lease, or other disposition or conveyance of residential real property unless the person's agency relationships have been disclosed to the parties to the transaction in accordance with the requirements of this chapter.

Sec. 19. Minnesota Statutes 1992, section 82.33, is amended by adding a subdivision to read:

Subd. 4. No person required to be licensed by this chapter may maintain an action in the courts of this state to enforce any provision of a purchase agreement, earnest money contract, or similar contract for the purchase, rental, or lease of real property if the provision to be enforced violates section 82.19, subdivision 4a.

Sec. 20. Minnesota Statutes 1992, section 82.34, subdivision 3, is amended to read:

Subd. 3. [FEE FOR REAL ESTATE FUND.] Each real estate broker, real estate salesperson, and real estate closing agent entitled under this chapter to renew a license shall pay in addition to the appropriate renewal fee a further fee of \$25 per year which shall be credited to the real estate education, research, and recovery fund. Any person who receives a an initial license shall pay the fee of \$50 in addition to all other fees payable.

Sec. 21. Minnesota Statutes 1992, section 82.34, subdivision 7, is amended to read:

Subd. 7. When any aggrieved person obtains a final judgment in any court of competent jurisdiction regardless of whether the judgment has been discharged by a bankruptcy court against an individual licensed under this chapter, on grounds of fraudulent, deceptive, or dishonest practices, or conversion of trust funds arising directly out of any transaction when the judgment debtor was licensed and performed acts for which a license is required under this chapter, or performed acts permitted by section 327B.04, subdivision 5, the aggrieved person may, upon the judgment becoming final, and upon termination of all proceedings, including reviews and appeals, file a verified application in the court in which the judgment was entered for an order directing payment out of the fund of the amount of actual and direct out of pocket loss in the transaction, but excluding any attorney's fees, interest on the loss and on any judgment obtained as a result of the loss, up to the sum of \$150,000 of the amount unpaid upon the judgment, provided that nothing in this chapter shall be construed to obligate the fund for more than \$150,000 per claimant, per transaction, subject to the limitations set forth in subdivision 14, regardless of the number of persons aggrieved or parcels of real estate involved in the transaction, provided that regardless of the number of claims against a licensee, nothing in this chapter may obligate the fund for more than \$250,000 per licensee. An aggrieved person who has a cause of action under section 80A.23 shall first seek recovery as provided in section 80A.05, subdivision 5, before the commissioner may order payment from the recovery fund. For purposes of this section, persons who are joint tenants or tenants in common are deemed to be a single claimant. A copy of the verified application shall be served upon the commissioner and upon the judgment debtor, and a certificate or affidavit of service filed with the court. For the purpose of this section, "aggrieved person" shall not include a licensee unless (1) the licensee is acting in the capacity of principal in the sale of interests in real property owned by the licensee; or (2) the licensee is acting in the capacity of principal in the purchase of interests in real property to be owned by the licensee. Under no circumstances shall a licensee be entitled to payment under this section for the loss of a commission or similar fee.

For the purposes of this section, recovery is limited to transactions where the property involved is intended for the direct personal habitation or commercial use of the buyer.

Except for securities permitted to be sold by a licensee pursuant to section 82.19, subdivision 7, for any action commenced after July 1, 1993, recovery under this section is not available where the buyer's participation is for investment purposes only, and is limited to providing capital to fund the transaction.

Sec. 22. Minnesota Statutes 1992, section 82B.02, is amended by adding a subdivision to read:

Subd. 14. [TRANSACTION VALUE.] "Transaction value" means:

- (1) for loans or other extensions of credit, the amount of the loan or extension of credit;
- (2) for sales, leases, purchases, and investments in or exchanges of real property, the market value of the real property interest involved; and
- (3) for the pooling of loans or interests in real property for resale or purchase, the amount of the loan or market value of the real property calculated with respect to each such loan or interest in real property.

Sec. 23. Minnesota Statutes 1992, section 82B.05, subdivision 5, is amended to read:

Subd. 5. [CONDUCT OF MEETINGS.] Places of regular board meetings must be decided by the vote of members. Written notice must be given to each member of the time and place of each meeting of the board at least ten days before the scheduled date of regular board meetings. The board shall establish procedures for emergency board meetings and other operational procedures, subject to the approval of the commissioner.

The members of the board shall elect a chair from among the members to preside at board meetings.

A quorum of the board is eight members.

~~The board shall meet at least quarterly, except that a meeting may be canceled, subject to the approval by the commissioner if as determined by a majority vote of the members determine that the meeting is not necessary or a call of the commissioner.~~

~~The commissioner or a majority of the members may schedule additional meetings as necessary.~~

Sec. 24. Minnesota Statutes 1992, section 82B.11, is amended to read:

82B.11 [CLASSES OF LICENSE.]

Subdivision 1. [GENERALLY.] There are five classes of license for real estate appraisers.

Subd. 2. [STATE REGISTERED REAL PROPERTY APPRAISER.] When a net income capitalization analysis is not required by the uniform standards of professional appraisal practice, a state registered real property appraiser may appraise residential real property or agricultural property.

Subd. 3. [FEDERAL RESIDENTIAL LICENSED REAL PROPERTY APPRAISER.] A ~~federal residential licensed~~ real property appraiser may appraise noncomplex ~~one to four~~ residential units property or agricultural property having a transaction value less than \$1,000,000 and complex ~~one to four~~ residential units or agricultural property having a transaction value less than \$250,000.

Subd. 4. [CERTIFIED ~~FEDERAL~~ RESIDENTIAL REAL PROPERTY APPRAISER.] A certified ~~federal~~ residential real property appraiser may appraise ~~one to four~~ residential units property or agricultural property without regard to transaction value or complexity.

Subd. 5. [CERTIFIED ~~FEDERAL~~ GENERAL REAL PROPERTY APPRAISER.] A certified ~~federal~~ general real property appraiser may appraise all types of real property.

Subd. 6. [TEMPORARY PRACTICE.] The commissioner shall issue a license for temporary practice as a real estate appraiser under subdivision 3, 4, or 5 to a person certified or licensed by another state if:

(1) the property to be appraised is part of a federally-related transaction and the person is licensed to appraise property limited to the same transaction value or complexity provided in subdivision 3, 4, or 5;

(2) the appraiser's business is of a temporary nature; and

(3) the appraiser registers with the commissioner to obtain a temporary license ~~prior to~~ before conducting appraisals within the state.

Sec. 25. Minnesota Statutes 1992, section 82B.14, is amended to read:

82B.14 [EXPERIENCE REQUIREMENT.]

(a) A license under section 82B.11, subdivision 3, 4, or 5, may not be issued to a person who does not have the equivalent of two years of experience in real property appraisal supported by adequate written reports or file memoranda.

(b) Each applicant for license under section 82B.11, subdivision 3, 4, or 5, shall give under oath a detailed listing of the real estate appraisal reports or file memoranda for each year for which experience is claimed by the applicant. Upon request, the applicant shall make available to the commissioner for examination, a sample of appraisal reports that the applicant has prepared in the course of appraisal practice.

(c) Applicants may not receive credit for experience accumulated while unlicensed, if the experience is based on activities which required a license under this section.

Sec. 26. Minnesota Statutes 1992, section 82B.19, subdivision 2, is amended to read:

Subd. 2. [RULES.] (a) The commissioner may adopt rules to assure that persons renewing their licenses as licensed real estate appraisers have current knowledge of real property appraisal theories, practices, and techniques that will provide a high degree of service and protection to those members of the public with whom they deal in a professional relationship under authority of their license. ~~The rules must include the following:~~

~~(1) policies and procedures for obtaining approval of courses of instruction;~~

~~(2) standards, monitoring methods, and systems for recording attendance to be employed by course sponsors as a prerequisite to approval of courses for credit; and~~

~~(3) coordination with real estate continuing education requirements so that as the commissioner considers courses or parts of courses appropriate they may be used to satisfy both real estate and appraiser continuing education requirements.~~

(b) To the extent the commissioner considers it appropriate, courses or parts of courses may be considered to satisfy both continuing education requirements under this section and continuing real estate education requirements.

(c) As a prerequisite for course approval, sponsors shall submit proposed monitoring methods, and systems for recording attendance sufficient to ensure that participants receive course credit only for portions actually attended.

Sec. 27. Minnesota Statutes 1992, section 507.45, subdivision 4, is amended to read:

Subd. 4. [CHOICE OF CLOSING AGENT; LISTING NOTICE; RULES.] (a) No real estate salesperson, broker, attorney, auctioneer, builder, title company, financial institution, or other person making a mortgage loan may require a person to use any particular licensed attorney, real estate broker, real estate salesperson, or real estate closing agent in connection with a residential real estate closing.

(b) All listing agreements must include a notice informing sellers of their rights under this subdivision. The notice must require the seller to indicate in writing whether it is acceptable to the seller to have the licensee arrange for closing services or whether the seller wishes to arrange for others to conduct the closing. The notice must also include the disclosure of any controlled business arrangement, as the term is defined in United States Code, title 12, section 1602, between the licensee and the real estate closing agent through which the licensee proposes to arrange closing services.

~~(c) The commissioner of commerce may adopt rules under chapter 14 to implement, administer, and enforce this subdivision.~~

Sec. 28. Laws 1992, chapter 555, article 1, section 12, is amended to read:

Sec. 12. [PENDING CLAIMS.]

The change in the per year limit contained in section 6 does not apply to a ~~cause of action~~ civil or administrative proceeding that was commenced before August 1, 1992.

Sec. 29. [APPROPRIATION.]

\$27,000 for fiscal year 1994 and \$27,000 for fiscal year 1995 are appropriated from the general fund to the commissioner of commerce for implementation of sections 1 to 28.

Sec. 30. [REVISOR INSTRUCTION.]

The revisor shall change terms in Minnesota Statutes and Minnesota Rules to reflect the changes in the names of the five classes of licenses for real estate appraisers made in section 24.

Sec. 31. [REPEALER.]

(a) Minnesota Statutes 1992, sections 82.22, subdivision 7; and 462A.201, subdivision 5, are repealed.

(b) Minnesota Rules, part 2805.1200, is repealed.

Sec. 32. [EFFECTIVE DATE.]

Sections 1 to 9, 18, 19, and 31 are effective October 1, 1993.

Sections 10 to 17, 20 to 27, and 30 are effective July 1, 1993.

Section 28 is effective retroactive to the effective date of the section being amended."

Delete the title and insert:

"A bill for an act relating to real estate; regulating fees, licenses, and agreements; requiring certain disclosures; providing for meetings of the real estate appraiser advisory board; changing terms; regulating fees and licenses; appropriating money; amending Minnesota Statutes 1992, sections 82.17, subdivision 4, and by adding subdivisions; 82.19, subdivision 5, and by adding subdivisions; 82.20, subdivision 15; 82.21, subdivision 1, and by adding a subdivision; 82.22, subdivisions 6 and 13; 82.24, subdivision 1; 82.27, subdivision 1; 82.33, subdivision 2, and by adding subdivisions; 82.34, subdivisions 3 and 7; 82B.02, by adding a subdivision; 82B.05, subdivision 5; 82B.11; 82B.14; 82B.19, subdivision 2; and 507.45, subdivision 4; Laws 1992, chapter 555, article 1, section 12; proposing coding for new law in Minnesota Statutes, chapter 82; repealing Minnesota Statutes 1992, sections 82.22, subdivision 7; and 462A.201, subdivision 5; Minnesota Rules, part 2805.1200."

The motion prevailed and the amendment was adopted.

Knickerbocker moved to amend S. F. No. 1000, as amended, as follows:

Page 19, line 17, after "receive" insert ":

(1) at least two hours of training every year in courses in laws or regulations on agency representation and disclosure; and

(2)"

Page 19, after line 20, insert:

"Clause (1) does not apply to real estate salespersons and real estate brokers engaged solely in the commercial real estate business who file with the commissioner a verification of this status on an annual basis no later than May 31 as part of the annual report under paragraph (a)."

The motion prevailed and the amendment was adopted.

Knickerbocker moved to amend S. F. No. 1000, as amended, as follows:

Page 23, after line 36, insert:

"Sec. 23. Minnesota Statutes 1992, section 82B.035, is amended by adding a subdivision to read:

Subd. 3. [GEOLOGISTS OR ENGINEERS.] This chapter does not apply to an appraisal, analysis, opinion, or conclusion as to the value of oil, gas, coal, and other mineral resources performed by an engineer registered as provided in sections 326.01 to 326.15 or by a certified professional geologist, unless the appraisal, analysis, opinion, or conclusion of value is performed in connection with a federally related transaction subject to the requirements of United States Code, title 12, section 3331, et seq., the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989."

Renumber the remaining sections

Page 27, line 24, delete "28" and insert "29"

Page 27, line 29, delete "24" and insert "25"

Page 27, line 35, delete "31" and insert "32"

Page 28, line 1, delete "27, and 30" and insert "28, and 31"

Page 28, line 3, delete "28" and insert "29"

Amend the title as follows:

Page 28, line 14, after the first semicolon insert "82B.035, by adding a subdivision;"

The motion prevailed and the amendment was adopted.

S. F. No. 1000, A bill for an act relating to real estate; regulating fees, licenses, and agreements; requiring certain disclosures; providing for meetings of the real estate appraiser advisory board; changing terms; regulating fees and licenses; amending Minnesota Statutes 1992, sections 82.17, subdivision 4, and by adding subdivisions; 82.19, subdivision 5, and by adding subdivisions; 82.20, subdivision 15; 82.21, subdivision 1, and by adding a subdivision; 82.22, subdivisions 6 and 13; 82.24, subdivision 1; 82.27, subdivision 1; 82.33, subdivision 2, and by adding subdivisions; 82.34, subdivisions 3 and 7; 82B.02, by adding a subdivision; 82B.035, by adding a subdivision; 82B.05, subdivision 5; 82B.11; 82B.14; 82B.19, subdivision 2; and 507.45, subdivision 4; Laws 1992, chapter 555, article 1, section 12; proposing coding for new law in Minnesota Statutes, chapter 82; repealing Minnesota Statutes 1992, sections 82.22, subdivision 7; and 462A.201, subdivision 5; Minnesota Rules, part 2805.1200.

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

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

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

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

S. F. No. 653.

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. 653

A bill for an act relating to town roads; permitting cartways to be established on alternative routes; amending Minnesota Statutes 1992, section 164.08, subdivision 2.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 653, 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. 653 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 164.08, subdivision 2, is amended to read:

Subd. 2. [MANDATORY ESTABLISHMENT; CONDITIONS.] Upon petition presented to the town board by the owner of a tract of land containing at least five acres, who has no access thereto except over the lands of others, or whose access thereto is less than two rods in width, the town board by resolution shall establish a cartway at least two rods wide connecting the petitioner's land with a public road. The town board may select an alternative route other than that petitioned for if the alternative is deemed by the town board to be less disruptive and damaging to the affected landowners and in the public's best interest. In an unorganized territory, the board of county commissioners of the county in which the tract is located shall act as the town board. The proceedings of the town board shall be in accordance with section 164.07. The amount of damages shall be paid by the petitioner to the town before such cartway is opened. For the purposes of this subdivision damages shall mean the compensation, if any, awarded to the owner of the land upon which the cartway is established together with the cost of professional and other services which the town may incur in connection with the proceedings for the establishment of the cartway. The town board may by resolution require the petitioner to post a bond or other security acceptable to the board for the total estimated damages before the board takes action on the petition.

Town road and bridge funds shall not be expended on the cartway unless the town board, or the county board acting as the town board in the case of a cartway established in an unorganized territory, by resolution determines that an expenditure is in the public interest. If no resolution is adopted to that effect, the grading or other construction work and the maintenance of the cartway is the responsibility of the petitioner, subject to the provisions of section 164.10. After the cartway has been constructed the town board, or the county board in the case of unorganized territory, may by resolution designate the cartway as a private driveway with the written consent of the affected landowner in which case from the effective date of the resolution no town road and bridge funds shall be expended for maintenance of the driveway; provided that the cartway shall not be vacated without following the vacation proceedings established under section 164.07.

Sec. 2. [ESTABLISHMENT OF AN OFFICE OF DEPUTY REGISTRAR OF MOTOR VEHICLES IN DEER RIVER.]

Notwithstanding Minnesota Statutes, section 168.33, and rules adopted by the commissioner of public safety, limiting sites for the office of deputy registrar, the Itasca county auditor may, with the approval of the registrar of motor vehicles, appoint an officer or employee of the city of Deer River to operate a registration and motor vehicle tax collection bureau in the city of Deer River. All other provisions regarding the appointment and operation of a deputy registrar office under Minnesota Statutes, section 168.33, and Minnesota Rules, chapter 7406, apply to the office.

Sec. 3. [EFFECTIVE DATE.]

Section 2 shall become effective the day following final enactment without local approval as provided in Minnesota Statutes, section 645.023, subdivision 1, paragraph (a)."

Delete the title and insert:

"A bill for an act relating to local government; providing conditions for the establishment of town roads; providing for a deputy registrar of motor vehicles; amending Minnesota Statutes 1992, section 164.08, subdivision 2."

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

Senate Conferees: BOB LESSARD AND STEVE DILLE.

House Conferees: IRV ANDERSON, LOREN A. SOLBERG AND KEVIN GOODNO.

Anderson, I., moved that the report of the Conference Committee on S. F. No. 653 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 653, A bill for an act relating to town roads; permitting cartways to be established on alternative routes; amending Minnesota Statutes 1992, section 164.08, subdivision 2.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

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

S. F. No. 1320.

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. 1320

A bill for an act relating to education; requiring changes in college preparation requirements.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1320, 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. 1320 be further amended as follows:

Page 1, after line 4, insert:

"Section 1. Minnesota Statutes 1992, section 129C.10, is amended by adding a subdivision to read:

Subd. 3b. [APPEAL.] A parent who disagrees with a board action that adversely affects the academic program of an enrolled pupil may appeal the board's action to the commissioner of education within 30 days of the board's action. The decision of the commissioner shall be binding on the board. The board shall inform each pupil and parent at the time of enrolling of a parent's right to appeal a board action affecting the pupil's academic program."

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to education; requesting consultation on, and requiring consideration of content about, college preparation courses; providing an appeal procedure; amending Minnesota Statutes 1992, section 129C.10, by adding a subdivision."

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

Senate Conferees: STEVE L. MURPHY, JERRY R. JANEZICH AND LAWRENCE J. POGEMILLER.

House Conferees: KATY OLSON, JIM TUNHEIM AND ROBERT NESS.

Olson, K., moved that the report of the Conference Committee on S. F. No. 1320 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1320, A bill for an act relating to education; requiring changes in college preparation requirements.

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 119 yeas and 8 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Abrams	Gruenes	Lindner	Sviggum
Erhardt	Gutknecht	Stanius	Workman

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

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 994

A bill for an act relating to children; foster care and adoption placement; specifying time limits for compliance with placement preferences; setting standards for changing out-of-home placement; requiring notice of certain adoptions; clarifying certain language; requiring compliance with certain law; amending Minnesota Statutes 1992, sections 257.071, subdivisions 1 and 1a; 257.072, subdivision 7; 259.255; 259.28, subdivision 2, and by adding a subdivision; 259.455; 260.012; 260.181, subdivision 3; and 260.191, subdivisions 1a, 1d, and 1e; proposing coding for new law in Minnesota Statutes, chapters 257; and 259.

May 14, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 994, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments and that H. F. No. 994 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [257.0651] [COMPLIANCE WITH INDIAN CHILD WELFARE ACT.]

Sections 257.03 to 257.075 must be construed consistently with the Indian Child Welfare Act of 1978, United States Code, title 25, sections 1901 to 1963.

Sec. 2. Minnesota Statutes 1992, section 257.071, subdivision 1, is amended to read:

Subdivision 1. [PLACEMENT; PLAN.] A case plan shall be prepared within 30 days after any child is placed in a residential facility by court order or by the voluntary release of the child by the parent or parents.

For purposes of this section, a residential facility means any group home, family foster home or other publicly supported out-of-home residential facility, including any out-of-home residential facility under contract with the state, county or other political subdivision, or any agency thereof, to provide those services or family foster care as defined in section 260.015, subdivision 7.

For the purposes of this section, a case plan means a written document which is ordered by the court or which is prepared by the social service agency responsible for the residential facility placement and is signed by the parent or parents, or other custodian, of the child, the child's legal guardian, the social service agency responsible for the residential facility placement, and, if possible, the child. The document shall be explained to all persons involved in its implementation, including the child who has signed the document, and shall set forth:

- (1) The specific reasons for the placement of the child in a residential facility, including a description of the problems or conditions in the home of the parent or parents which necessitated removal of the child from home;
- (2) The specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (1), and the time period during which the actions are to be taken;
- (3) The financial responsibilities and obligations, if any, of the parents for the support of the child during the period the child is in the residential facility;
- (4) The visitation rights and obligations of the parent or parents or other relatives as defined in section 260.181, if such visitation is consistent with the best interest of the child, during the period the child is in the residential facility;
- (5) The social and other supportive services to be provided to the parent or parents of the child, the child, and the residential facility during the period the child is in the residential facility;
- (6) The date on which the child is expected to be returned to the home of the parent or parents;
- (7) The nature of the effort to be made by the social service agency responsible for the placement to reunite the family; and
- (8) Notice to the parent or parents that placement of the child in foster care may result in termination of parental rights but only after notice and a hearing as provided in chapter 260.

The parent or parents and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or the child's legal guardian. The parent or parents may also receive assistance from any person or social service agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved, the foster parents shall be fully informed of the provisions of the case plan.

When an agency accepts a child for placement, the agency shall determine whether the child has had a physical examination by or under the direction of a licensed physician within the 12 months immediately preceding the date when the child came into the agency's care. If there is documentation that the child has had such an examination within the last 12 months, the agency is responsible for seeing that the child has another physical examination within one year of the documented examination and annually in subsequent years. If the agency determines that the child has not had a physical examination within the 12 months immediately preceding placement, the agency shall ensure that the child has the examination within 30 days of coming into the agency's care and once a year in subsequent years.

Sec. 3. Minnesota Statutes 1992, section 257.071, subdivision 1a, is amended to read:

Subd. 1a. [PROTECTION OF HERITAGE OR BACKGROUND.] The authorized child placing agency shall ensure that the child's best interests are met by giving due, not sole, consideration of the child's race or ethnic heritage in making a family foster care placement. The authorized child placing agency shall place a child, released by court order or by voluntary release by the parent or parents, in a family foster home selected by following the preferences described in section 260.181, subdivision 3.

In instances where a child from a family of color is placed in a family foster home of a different racial or ethnic background, the local social service agency shall review the placement after 30 days and each 30 days thereafter for the first six months to determine if there is another available placement that would better satisfy the requirements of this subdivision.

Sec. 4. Minnesota Statutes 1992, section 257.071, is amended by adding a subdivision to read:

Subd. 1b. [LIMIT ON MULTIPLE PLACEMENTS.] If a child has been placed in a residential facility pursuant to a court order under section 260.172 or 260.191, the social service agency responsible for the residential facility placement for the child may not change the child's placement unless the agency specifically documents that the current placement is unsuitable or another placement is in the best interests of the child. This subdivision does not apply if the new placement is in an adoptive home or other permanent placement.

Sec. 5. Minnesota Statutes 1992, section 257.071, subdivision 3, is amended to read:

Subd. 3. [REVIEW OF VOLUNTARY PLACEMENTS.] ~~Subject to the provisions of subdivisions 3 and~~ Except as provided in subdivision 4, if the child has been placed in a residential facility pursuant to a voluntary release by the parent or parents, and is not returned home within ~~12~~ six months after initial placement in the residential facility, the social service agency responsible for the placement shall:

(a) (1) return the child to the home of the parent or parents; or

(b) (2) file an appropriate petition pursuant to section 260.131, subdivision 1, or 260.231, ~~and if the petition is dismissed, petition the court within two years, pursuant to section 260.131, subdivision 1a, to determine if the placement is in the best interests of the child.~~

The case plan must be updated when a petition is filed and must include a specific plan for permanency.

Sec. 6. Minnesota Statutes 1992, section 257.071, is amended by adding a subdivision to read:

Subd. 8. [RULES ON REMOVAL OF CHILDREN.] The commissioner shall adopt rules establishing criteria for removal of children from their homes and return of children to their homes.

Sec. 7. Minnesota Statutes 1992, section 257.072, subdivision 1, is amended to read:

Subdivision 1. [RECRUITMENT OF FOSTER FAMILIES.] Each authorized child placing agency shall make special efforts to recruit a foster family from among the child's relatives, except as authorized in section 260.181, subdivision 3, and among families of the same ~~minority~~ racial or ~~minority~~ ethnic heritage. Special efforts include contacting and working with community organizations and religious organizations and may include contracting with these organizations, utilizing local media and other local resources, conducting outreach activities, and increasing the number of minority recruitment staff employed by the agency. The requirement of special efforts in this section is satisfied if the responsible child placing agency has made appropriate efforts for six months following the child's placement in a residential facility and the court approves the agency's efforts pursuant to section 260.191, subdivision 3a. The agency may accept any gifts, grants, offers of services, and other contributions to use in making special recruitment efforts.

Sec. 8. Minnesota Statutes 1992, section 257.072, subdivision 7, is amended to read:

Subd. 7. [DUTIES OF CHILD-PLACING AGENCIES.] Each authorized child-placing agency must:

(1) develop and follow procedures for implementing the order of preference prescribed by section 260.181, subdivision 3, and the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923;

(a) In implementing the order of preference, an authorized child-placing agency may disclose private or confidential data, as defined in section 13.02, to relatives of the child for the purpose of locating a suitable placement. The agency shall disclose only data that is necessary to facilitate implementing the preference. If a parent makes an explicit request that the relative preference not be followed, the agency shall bring the matter to the attention of the court to determine whether the parent's request is consistent with the best interests of the child and the agency shall not contact relatives unless ordered to do so by the juvenile court; and

~~(b) In implementing the order of preference, the authorized child-placing agency shall develop written standards for determining the suitability of proposed placements. The standards need not meet all requirements for foster care licensing, but must ensure that the safety, health, and welfare of the child is safeguarded. In the case~~ In determining the suitability of a proposed placement of an Indian child, the standards to be applied must be the prevailing social and cultural standards of the Indian child's community, and the agency shall defer to tribal judgment as to suitability of a particular home when the tribe has intervened pursuant to the Indian Child Welfare Act;

(2) have a written plan for recruiting minority adoptive and foster families. The plan must include (a) strategies for using existing resources in minority communities, (b) use of minority outreach staff wherever possible, (c) use of minority foster homes for placements after birth and before adoption, and (d) other techniques as appropriate;

(3) have a written plan for training adoptive and foster families of minority children;

(4) if located in an area with a significant minority population, have a written plan for employing minority social workers in adoption and foster care. The plan must include staffing goals and objectives;

(5) ensure that adoption and foster care workers attend training offered or approved by the department of human services regarding cultural diversity and the needs of special needs children; and

(6) develop and implement procedures for implementing the requirements of the Indian Child Welfare Act and the Minnesota Indian family preservation act.

Sec. 9. Minnesota Statutes 1992, section 257.072, is amended by adding a subdivision to read:

Subd. 9. [RULES.] The commissioner of human services shall adopt rules to establish standards for relative foster care placement, conducting relative searches, and recruiting foster and adoptive families of the same racial or ethnic heritage as the child.

Sec. 10. Minnesota Statutes 1992, section 259.255, is amended to read:

259.255 [PROTECTION OF HERITAGE OR BACKGROUND.]

The policy of the state of Minnesota is to ensure that the best interests of the child are met by requiring due, not sole, consideration of the child's race or ethnic heritage in adoption placements. For purposes of intercountry adoptions, due consideration is deemed to have occurred if the appropriate authority in the child's country of birth has approved the placement of the child.

The authorized child placing agency shall give preference, in the absence of good cause to the contrary, to placing the child with (a) a relative or relatives of the child, or, if that would be detrimental to the child or a relative is not available, (b) a family with the same racial or ethnic heritage as the child, or, if that is not feasible, (c) a family of different racial or ethnic heritage from the child which is knowledgeable and appreciative of the child's racial or ethnic heritage.

If the child's genetic parent or parents explicitly request that the preference described in clause (a) or clauses (a) and (b) not be followed, the authorized child placing agency shall honor that request consistent with the best interests of the child.

If the child's genetic parent or parents express a preference for placing the child in an adoptive home of the same or a similar religious background to that of the genetic parent or parents, in following the preferences in clause (a) or (b), the agency shall place the child with a family that also meets the genetic parent's religious preference. Only if no family is available that is described in clause (a) or (b) may the agency give preference to a family described in clause (c) that meets the parent's religious preference.

Sec. 11. [259.2565] [NOTICE REGARDING PERMANENT PLACEMENT OF CERTAIN CHILDREN.]

When a termination of parental rights order regarding a child becomes final, the agency with guardianship of the child shall give the notice provided in this section to any adult with whom the child is currently residing, any adult with whom the child has resided for one year or longer in the past, and any adults who have maintained a relationship or exercised visitation with the child as identified in the agency case plan for the child or demonstrated an interest in the child. This notice must not be provided to a parent whose parental rights to the child have been terminated under section 260.221, subdivision 1. The notice must state that a permanent home is sought for the child and that individuals receiving the notice may indicate to the agency their interest in providing a permanent home. The agency with guardianship of the child shall review the child's custodial history and relationships with siblings, relatives, foster parents, and any other person who may significantly affect the child in determining an appropriate permanent placement.

Sec. 12. Minnesota Statutes 1992, section 259.28, subdivision 2, is amended to read:

Subd. 2. [PROTECTION OF HERITAGE OR BACKGROUND.] The policy of the state of Minnesota is to ensure that the best interests of children are met by requiring due, not sole, consideration of the child's race or ethnic heritage in adoption placements. For purposes of intercountry adoptions, due consideration is deemed to have occurred if the appropriate authority in the child's country of birth has approved the placement of the child.

In reviewing adoptive placement, the court shall consider preference, and in determining appropriate adoption, the court shall give preference, in the absence of good cause to the contrary, to (a) a relative or relatives of the child, or, if that would be detrimental to the child or a relative is not available, to (b) a family with the same racial or ethnic heritage as the child, or if that is not feasible, to (c) a family of different racial or ethnic heritage from the child that is knowledgeable and appreciative of the child's racial or ethnic heritage.

If the child's genetic parent or parents explicitly request that the preference described in clause (a) or in clauses (a) and (b) not be followed, the court shall honor that request consistent with the best interests of the child.

If the child's genetic parent or parents express a preference for placing the child in an adoptive home of the same or a similar religious background to that of the genetic parent or parents, in following the preferences in clause (a) or (b), the court shall place the child with a family that also meets the genetic parent's religious preference. Only if no family is available as described in clause (a) or (b) may the court give preference to a family described in clause (c) that meets the parent's religious preference.

Sec. 13. Minnesota Statutes 1992, section 259.28, is amended by adding a subdivision to read:

Subd. 3. [COMPLIANCE WITH INDIAN CHILD WELFARE ACT.] The provisions of this chapter must be construed consistently with the Indian Child Welfare Act of 1978, United States Code, title 25, sections 1901 to 1963.

Sec. 14. Minnesota Statutes 1992, section 259.455, is amended to read:

259.455 [FAMILY RECRUITMENT.]

Each authorized child placing agency shall make special efforts to recruit an adoptive family from among the child's relatives, except as authorized in section 259.28, subdivision 2, and among families of the same racial or ethnic heritage. Special efforts include contacting and working with community organizations and religious organizations and may include contracting with these organizations, utilizing local media and other local resources, and conducting outreach activities. The requirement of special efforts in this section is satisfied if the efforts have continued for six months after the child becomes available for adoption or if special efforts have been satisfied and approved by the court pursuant to section 260.191, subdivision 3a. The agency may accept any gifts, grants, offers of services, and other contributions to use in making special recruitment efforts.

Sec. 15. [260.157] [COMPLIANCE WITH INDIAN CHILD WELFARE ACT.]

The provisions of this chapter must be construed consistently with the Indian Child Welfare Act of 1978, United States Code, title 25, sections 1901 to 1963.

Sec. 16. Minnesota Statutes 1992, section 260.181, subdivision 3, is amended to read:

Subd. 3. [PROTECTION OF HERITAGE OR BACKGROUND.] The policy of the state is to ensure that the best interests of children are met by requiring due, not sole, consideration of the child's race or ethnic heritage in foster care placements.

The court, in transferring legal custody of any child or appointing a guardian for the child under the laws relating to juvenile courts, shall place the child, in the following order of preference, in the absence of good cause to the contrary, in the legal custody or guardianship of an individual who (a) is the child's relative, or if that would be detrimental to the child or a relative is not available, who (b) is of the same racial or ethnic heritage as the child, or if that is not possible, who (c) is knowledgeable and appreciative of the child's racial or ethnic heritage. The court may require the county welfare agency to continue efforts to find a guardian of the child's racial or ethnic heritage when such a guardian is not immediately available. For purposes of this subdivision, "relative" includes members of a child's extended family and important friends with whom the child has resided or had significant contact.

If the child's genetic parent or parents explicitly request that the preference described in clause (a) or in clauses (a) and (b) not be followed, the court shall honor that request consistent with the best interests of the child.

If the child's genetic parent or parents express a preference for placing the child in a foster or adoptive home of the same or a similar religious background to that of the genetic parent or parents, in following the preferences in clause (a) or (b), the court shall order placement of the child with an individual who meets the genetic parent's religious preference. Only if no individual is available who is described in clause (a) or (b) may the court give preference to an individual described in clause (c) who meets the parent's religious preference.

Sec. 17. Minnesota Statutes 1992, section 260.191, subdivision 1d, is amended to read:

Subd. 1d. [~~PARENTAL VISITATION.~~] If the court orders that the child be placed outside of the child's home or present residence, it shall set reasonable rules for supervised or unsupervised parental visitation that contribute to the objectives of the court order and the maintenance of the familial relationship. No parent may be denied visitation unless the court finds at the disposition hearing that the visitation would act to prevent the achievement of the order's objectives or that it would endanger the child's physical or emotional well-being. The court shall set reasonable rules for visitation for any relatives as defined in section 260.181, subdivision 3, if visitation is consistent with the best interests of the child.

Sec. 18. Minnesota Statutes 1992, 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 need of the child and family for care, treatment, or rehabilitation;

(4) the need for participation by the parent, guardian, or custodian in the plan of care for the child;

(5) the visitation rights and obligations of the parent or other relatives, as defined in section 260.181, subdivision 3, during any period when the child is placed outside the home; 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.

Sec. 19. Minnesota Statutes 1992, section 260.191, subdivision 2, is amended to read:

Subd. 2. [ORDER DURATION.] Subject to subdivisions 3a and 3b, all orders under this section shall be for a specified length of time set by the court not to exceed one year. However, before the order has expired and upon its own motion or that of any interested party, the court shall, after notice to the parties and a hearing, renew the order for another year or make some other disposition of the case, until the individual is no longer a minor. Any person to whom legal custody is transferred shall report to the court in writing at such periods as the court may direct.

Sec. 20. Minnesota Statutes 1992, section 260.191, is amended by adding a subdivision to read:

Subd. 3a. [COURT REVIEW OF OUT-OF-HOME PLACEMENTS.] If the court places a child in a residential facility, the court shall review the out-of-home placement at least every six months to determine whether continued out-of-home placement is necessary and appropriate or whether the child should be returned home. The court shall review agency efforts pursuant to section 257.072, subdivision 1, and order that the efforts continue if the agency has failed to perform the duties under that section. The court shall review the case plan and may modify the case plan as provided under subdivisions 1e and 2. If the court orders continued out-of-home placement, the court shall notify the parents of the provisions of subdivision 3b.

Sec. 21. Minnesota Statutes 1992, section 260.191, is amended by adding a subdivision to read:

Subd. 3b. [REVIEW OF COURT ORDERED PLACEMENTS; PERMANENT PLACEMENT DETERMINATION.]
(a) If the court places a child in a residential facility, the court shall conduct a hearing to determine the permanent status of the child not later than 12 months after the child was placed out of the home of the parent. Not later than 30 days prior to this hearing the responsible social service agency shall file pleadings to establish the basis for the permanent placement determination. Notice of the hearing and copies of the pleadings must be provided pursuant to sections 260.135 and 260.141. If a termination of parental rights petition is filed before the date required for the permanency planning determination, no hearing need be conducted under this section. The court shall determine whether the child is to be returned home or, if not, what permanent placement is consistent with the child's best interests. The "best interests of the child" means all relevant factors to be considered and evaluated.

If the child is not returned to the home, the dispositions available for permanent placement determination are permanent legal and physical custody to a relative, adoption, or permanent foster care. The court may order a child into permanent foster care only if it finds that neither an award of legal and physical custody to a relative, termination of parental rights, nor adoption is in the child's best interests.

(b) The court may extend the time period for determination of permanent placement to 18 months after the child was placed in a residential facility if:

(1) there is a substantial probability that the child will be returned home within the next six months;

(2) the agency has not made reasonable, or, in the case of an Indian child, active efforts, to correct the conditions that form the basis of the out-of-home placement; or

(3) extraordinary circumstances exist precluding a permanent placement determination, in which case the court shall make written findings documenting the extraordinary circumstances and order one subsequent review after six months to determine permanent placement.

(c) If the court determines that an adoptive placement is in the best interests of the child, the social service agency shall file a petition for termination of parental rights under section 260.231. Nothing in this subdivision waives the requirements of sections 260.221 to 260.245 with respect to termination of parental rights.

(d) In ordering a permanent placement of a child, the court must be governed by the best interests of the child, including a review of the relationship between the child and relatives and the child and other important persons with whom the child has resided or had significant contact.

(e) Once a permanent placement determination has been made and permanent placement has been established, further reviews are only necessary if otherwise required by federal law, an adoption has not yet been finalized, or there is a disruption of the permanent placement. These reviews must take place no less frequently than every six months.

(f) An order under this subdivision must include the following detailed findings:

(1) how the child's best interests are served by the order;

(2) the nature and extent of the responsible social service agency's reasonable efforts, or, in the case of an Indian child, active efforts, to reunify the child with the parent or parents;

(3) the parent's or parents' efforts and ability to use services to correct the conditions which led to the out-of-home placement;

(4) whether the conditions which led to the out-of-home placement have been corrected so that the child can return home; and

(5) if the child cannot be returned home, whether there is a substantial probability of the child being able to return home in the next six months.

If the court orders the child placed in permanent foster care, the court shall make findings that neither an award of legal and physical custody to a relative, termination of parental rights, nor adoption is in the child's best interests.

A court finding that extraordinary circumstances exist precluding a permanent placement determination must be supported by detailed factual findings regarding those circumstances.

Sec. 22. Minnesota Statutes 1992, section 260.192, is amended to read:

260.192 [DISPOSITIONS; VOLUNTARY FOSTER CARE PLACEMENTS.]

Upon a petition for review of the foster care status of a child, the court may:

(a) In the case of a petition required to be filed under section 257.071, subdivision 3, find that the child's needs are being met and that the child's placement in foster care is in the best interests of the child and that the child will be returned home in the next six months, in which case the court shall approve the voluntary arrangement and continue the matter for six months to assure the child returns to the parent's home. The court shall order the social service agency responsible for the placement to bring a petition pursuant to either section 260.131, subdivision 1 or section 260.131, subdivision 1a, as appropriate, within two years if court review was pursuant to section 257.071, subdivision 3 or 4, or within one year if court review was pursuant to section 257.071, subdivision 2.

(b) In the case of a petition required to be filed under section 257.071, subdivision 4, find that the child's needs are being met and that the child's placement in foster care is in the best interests of the child, in which case the court shall approve the voluntary arrangement. The court shall order the social service agency responsible for the placement to bring a petition under section 260.131, subdivision 1 or 1a, as appropriate, within two years.

(c) Find that the child's needs are not being met, in which case the court shall order the social service agency or the parents to take whatever action is necessary and feasible to meet the child's needs, including, when appropriate, the provision by the social service agency of services to the parents which would enable the child to live at home, and shall order an administrative review of the case again within six months and a review by the court within one year order a disposition under section 260.191.

(e) (d) Find that the child has been abandoned by parents financially or emotionally, or that the developmentally disabled child does not require out-of-home care because of the handicapping condition, in which case the court shall order the social service agency to file an appropriate petition pursuant to sections 260.131, subdivision 1, or 260.231.

Nothing in this section shall be construed to prohibit bringing a petition pursuant to section 260.131, subdivision 1 or 2, sooner than required by court order pursuant to this section.

Sec. 23. Minnesota Statutes 1992, section 260.221, subdivision 1, is amended to read:

Subdivision 1. [VOLUNTARY AND INVOLUNTARY.] The juvenile court may upon petition, terminate all rights of a parent to a child in the following cases:

(a) With the written consent of a parent who for good cause desires to terminate parental rights; or

(b) If it finds that one or more of the following conditions exist:

(1) That the parent has abandoned the child. Abandonment is presumed when:

(i) the parent has had no contact ~~or merely incidental contact~~ with the child on a regular basis and no demonstrated, consistent interest in the child's well-being for six months ~~in the case of a child under six years of age, or for 12 months in the case of a child ages six to 11;~~ and

(ii) the social service agency has made reasonable efforts to facilitate contact, unless the parent establishes that an extreme financial or physical hardship or treatment for mental disability or chemical dependency or other good cause prevented the parent from making contact with the child. This presumption does not apply to children whose custody has been determined under chapter 257 or 518. The court is not prohibited from finding abandonment in the absence of this presumption; or

(2) That the parent has substantially, continuously, or repeatedly refused or neglected to comply with the duties imposed upon that parent by the parent and child relationship, including but not limited to providing the child with necessary food, clothing, shelter, education, and other care and control necessary for the child's physical, mental, or emotional health and development, if the parent is physically and financially able, and reasonable efforts by the social service agency have failed to correct the conditions that formed the basis of the petition; or

(3) That a parent has been ordered to contribute to the support of the child or financially aid in the child's birth and has continuously failed to do so without good cause. This clause shall not be construed to state a grounds for termination of parental rights of a noncustodial parent if that parent has not been ordered to or cannot financially contribute to the support of the child or aid in the child's birth; or

(4) That a parent is palpably unfit to be a party to the parent and child relationship because of a consistent pattern of specific conduct before the child or of specific conditions directly relating to the parent and child relationship either of which are determined by the court to be of a duration or nature that renders the parent unable, for the reasonably foreseeable future, to care appropriately for the ongoing physical, mental, or emotional needs of the child. It is presumed that a parent is palpably unfit to be a party to the parent and child relationship upon a showing that:

(i) the child was adjudicated in need of protection or services due to circumstances described in section 260.015, subdivision 2a, clause (1), (2), (3), (5), or (8); and

(ii) within the three-year period immediately prior to that adjudication, the parent's parental rights to one or more other children were involuntarily terminated under clause (1), (2), (4), or (7) of this paragraph, or under clause (5) of this paragraph if the child was initially determined to be in need of protection or services due to circumstances described in section 260.015, subdivision 2a, clause (1), (2), (3), (5), or (8); or

(5) That following upon a determination of neglect or dependency, or of a child's need for protection or services, reasonable efforts, under the direction of the court, have failed to correct the conditions leading to the determination. It is presumed that reasonable efforts under this clause have failed upon a showing that:

(i) a child under the age of 12 has resided out of the parental home under court order for more than one year following an adjudication of dependency, neglect, need for protection or services under section 260.015, subdivision 2a, clause (1), (2), (6), (8), or (9), or neglected and in foster care, and an order for disposition under section 260.191, including adoption of the case plan required by section 257.071;

(ii) conditions leading to the determination will not be corrected within the reasonably foreseeable future; and

(iii) reasonable efforts have been made by the social service agency to rehabilitate the parent and reunite the family.

This clause does not prohibit the termination of parental rights prior to one year after a child has been placed out of the home.

It is also presumed that reasonable efforts have failed under this clause upon a showing that:

(i) the parent has been diagnosed as chemically dependent by a professional certified to make the diagnosis;

(ii) the parent has been required by a case plan to participate in a chemical dependency treatment program;

- (iii) the treatment programs offered to the parent were culturally, linguistically, and clinically appropriate;
- (iv) the parent has either failed two or more times to successfully complete a treatment program or has refused at two or more separate meetings with a caseworker to participate in a treatment program; and
- (v) the parent continues to abuse chemicals.

Provided, that this presumption applies only to parents required by a case plan to participate in a chemical dependency treatment program on or after July 1, 1990; or

- (6) That the parent has been convicted of causing the death of another of the parent's children; or
- (7) That in the case of a child born to a mother who was not married to the child's father when the child was conceived nor when the child was born the person is not entitled to notice of an adoption hearing under section 259.26 and either the person has not filed a notice of intent to retain parental rights under section 259.261 or that the notice has been successfully challenged; or
- (8) That the child is neglected and in foster care.

In an action involving an American Indian child, sections 257.35 to 257.3579 and the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923, control to the extent that the provisions of this section are inconsistent with those laws.

Sec. 24. [REPORT.]

The commissioner of human services shall prepare a report for the legislature which includes a comprehensive plan to ensure compliance by county social services departments with the foster care and adoption placement statutes and rules. The report must include an analysis of possible financial incentives and sanctions for county compliance and also address the feasibility of providing timely hearings for families affected by the foster care and adoption rules and statutes in the administrative process. The report is due by February 15, 1994.

Sec. 25. [APPROPRIATION.]

\$135,000 is appropriated from the general fund to the commissioner of human services to implement this act. \$73,000 is for fiscal year 1994 and \$62,000 is for fiscal year 1995.

Amend the title as follows:

"A bill for an act relating to children; foster care and adoption placement; specifying time limits for compliance with placement preferences; setting standards for changing out-of-home placement; requiring notice of certain adoptions; clarifying certain language; requiring compliance with certain law; appropriating money; amending Minnesota Statutes 1992, sections 257.071, subdivisions 1, 1a, 3, and by adding subdivisions; 257.072, subdivision 1 and 7, and by adding a subdivision; 259.255; 259.28, subdivision 2, and by adding a subdivision; 259.455; 260.181, subdivision 3; 260.191, subdivisions 1d, 1e, 2, and by adding subdivisions; 260.192; and 260.221, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 257; 259; and 260."

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

House Conferees: KATHLEEN A. BLATZ, WESLEY J. "WES" SKOGLUND, CHUCK BROWN, RICHARD H. JEFFERSON AND BECKY LOUREY.

Senate Conferees: ALLAN H. SPEAR, SHEILA M. KISCADEN, HAROLD R. "SKIP" FINN, DAVID L. KNUTSON AND PAT PIPER.

Blatz moved that the report of the Conference Committee on H. F. No. 994 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 994, A bill for an act relating to children; foster care and adoption placement; specifying time limits for compliance with placement preferences; setting standards for changing out-of-home placement; requiring notice of certain adoptions; clarifying certain language; requiring compliance with certain law; amending Minnesota Statutes 1992, sections 257.071, subdivisions 1 and 1a; 257.072, subdivision 7; 259.255; 259.28, subdivision 2, and by adding a subdivision; 259.455; 260.012; 260.181, subdivision 3; and 260.191, subdivisions 1a, 1d, and 1e; proposing coding for new law in Minnesota Statutes, chapters 257; and 259.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 869:

Ozment; Johnson, R., and Hasskamp.

SPECIAL ORDERS

S. F. No. 1221 was reported to the House.

MOTION FOR RECONSIDERATION

Sviggum moved that the action whereby S. F. No. 1221, as amended, was given its third reading on Thursday, May 13, 1993, be now reconsidered. The motion prevailed.

Sviggum moved to amend S. F. No. 1221, the unofficial engrossment, as follows:

Page 7, delete lines 10 to 24

The motion prevailed and the amendment was adopted.

Osthoff moved to amend S. F. No. 1221, the unofficial engrossment, as amended, as follows:

Page 1, delete lines 20 to 32

Page 2, delete lines 1 to 28

Re-number the sections in sequence

The motion prevailed and the amendment was adopted.

S. F. No. 1221, A bill for an act relating to motor vehicles; requiring license plates to stay with motor carrier on prorate truck; changing the registration period for prorate vehicles; excepting prorate vehicles from renewal notice requirements; making owner-operator subject to suspension of plates and international fuel tax agreement license for certain delinquent filings or payments; authorizing warning lamps on solid waste collection vehicles; amending Minnesota Statutes 1992, sections 168.09, subdivisions 3 and 5; 168.12, subdivision 1; 168.187, subdivision 26; 168.31, subdivision 4a; and 169.64, 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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 625 was reported to the House.

Reding moved to amend S. F. No. 625, as follows:

Page 10, after line 4, insert:

"ARTICLE 6

Section 1. Minnesota Statutes 1992, section 352.01, is amended by adding a subdivision to read:

Subd. 26. [DEPENDENT CHILD.] "Dependent child" means a biological or adopted child of a deceased employee who has not reached the age of 20 and is dependent upon the employee for more than one-half of the child's support at the time of the employee's death. It also means a child of the member conceived during the member's lifetime and born after the member's death.

Sec. 2. Minnesota Statutes 1992, section 352.12, subdivision 2, is amended to read:

Subd. 2. [SURVIVING SPOUSE BENEFIT.] (a) If an employee or former employee is at least 50 years old and has credit for at least three years allowable service or who has credit for at least 30 years of allowable service, regardless of age, and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund with interest provided in under subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee could have qualified for had the employee terminated service on the date of death.

(b) If the employee was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the employee was under age 55 and has credit for at least three years of allowable service credit on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

The surviving spouse eligible for surviving spouse benefits under paragraph (a) may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for the annuity at any time after the employee's death. The annuity must be computed as provided in under sections 352.115, subdivisions 1, 2, and 3, and 352.116, subdivisions 1, 1a, and 3. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision. The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving spouse, or upon expiration of a term certain benefit payment to a surviving spouse under subdivision 2a. An amount equal to the excess, if any, of the accumulated contributions credited to the account of the deceased employee in excess of the total of the benefits paid and payable to the surviving spouse must be paid to the deceased employee's last designated beneficiary or, if none, to the surviving children of the deceased spouse in equal shares or, if none, to the surviving parents of the deceased spouse or, if none, to the representative of the estate of the deceased spouse as specified under subdivision 1.

Any employee may request in writing that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

Sec. 3. Minnesota Statutes 1992, section 352.12, is amended by adding a subdivision to read:

Subd. 2a. [SURVIVING SPOUSE COVERAGE TERM CERTAIN.] In lieu of the 100 percent optional annuity under subdivision 2, or refund under subdivision 1, the surviving spouse of a deceased employee may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased employee. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

If a survivor elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

Sec. 4. Minnesota Statutes 1992, section 352.12, is amended by adding a subdivision to read:

Subd. 2b. [DEPENDENT CHILD SURVIVOR COVERAGE.] If there is no surviving spouse eligible for benefits under subdivision 2, a dependent child or children as defined in section 352.01, subdivision 26, is eligible for monthly payments. Payments to a dependent child must be paid from the date of the employee's death to the date the dependent child attains age 20 if the child is under age 15. If the child is 15 years or older on the date of death, payment must be made for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 2 using the age of the employee and age of the dependent child at the date of death in lieu of the age of the surviving spouse. If there is more than one dependent child, each dependent child shall receive a proportionate share of the actuarial value of the employee's account.

Sec. 5. Minnesota Statutes 1992, section 353.01, subdivision 15, is amended to read:

Subd. 15. [DEPENDENT CHILD.] For the purpose of survivor benefit eligibility under sections 353.31, subdivision 1, and 353.657, subdivision 3, "dependent child" means a natural biological or adopted child of a deceased member who is unmarried, and under the age of 18, or age 18 to 23, so long as the child submits evidence of full-time enrollment in an accredited educational institution. "Dependent child" also includes a child of the member conceived during the member's lifetime and born after the member's death. It also means a dependent child who is the subject of adoption proceedings filed by a member, and who within two years after death of the member, by judgment and decree duly entered, is adjudged to be the adopted child of the deceased member; subject, however, to the qualifying conditions of age and dependency under this subdivision. The dependency of the child dates from the decree of adoption. "Dependent child" also includes a child age 18 to 23 who had submitted evidence of full-time enrollment in an accredited educational institution but was determined to be medically unable to continue school on a full-time basis. The board of trustees shall adopt written procedures to make determinations regarding eligibility based on a student being medically unable to continue school, and may not continue a benefit for medical reasons for a period greater than one year.

Sec. 6. Minnesota Statutes 1992, section 353.01, is amended by adding a subdivision to read:

Subd. 15a. [DEPENDENT CHILD.] For the purpose of survivor benefit eligibility under section 353.32, subdivision 1c, "dependent child" means any biological or adopted child of a deceased member who has not reached the age of 20 and is dependent for more than one-half of support upon the member. It also includes any child of the member conceived during the member's lifetime and born after the member's death.

Sec. 7. Minnesota Statutes 1992, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. [SURVIVING SPOUSE OPTIONAL ANNUITY.] (a) If a member or former member who has attained at least age 50 and has credit for not less than three years of allowable service or who has credit for not less than 30 years of allowable service, regardless of age attained, and dies before the annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal to the 100 percent joint and survivor annuity that the member could have qualified for had the member terminated service on the date of death.

(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 353.30, subdivisions 1b and 1c, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the member was under age 55 and has credit for at least three years of allowable service on the date of death but did not qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and surviving spouse at the time of death. The annuity is payable using the full early retirement reduction under section 353.30, subdivision 1, 1b, 1c, or 5, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a marriage dissolution decree but not a monthly surviving spouse optional annuity despite the terms of a marriage dissolution decree filed with the association.

The surviving spouse eligible for surviving spouse benefits under paragraph (a) may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity any time after the member's death. The annuity must be computed under sections 353.29, subdivisions 2 and 3; 353.30, subdivisions 1, 1a, 1b, 1c, and 5; and 353.31, subdivision 3.

Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision. No payment may accrue beyond the end of the month in which entitlement to the annuity has terminated or upon expiration of the term certain benefit payment under subdivision 1b. An amount equal to any excess of the accumulated contributions that were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the deceased member's last designated beneficiary or, if none, ~~to the legal representative of the estate of the deceased member~~ as specified under subdivision 1.

A member may specify in writing that this subdivision does not apply and that payment may be made only to the designated beneficiary as otherwise provided by this chapter.

Sec. 8. Minnesota Statutes 1992, section 353.32, is amended by adding a subdivision to read:

Subd. 1b. [SURVIVOR COVERAGE TERM CERTAIN.] In lieu of the 100 percent optional annuity under subdivision 1a, or a refund under subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage for a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 1a.

If a surviving spouse elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

Sec. 9. Minnesota Statutes 1992, section 353.32, is amended by adding a subdivision to read:

Subd. 1c. [DEPENDENT CHILD SURVIVOR COVERAGE.] If there is no surviving spouse eligible for benefits under subdivision 1a, a dependent child or children as defined in section 353.01, subdivision 15a, is eligible for monthly payments. Payments to a dependent child must be paid from the date of the member's death to the date the dependent child attains age 20 if the child is under age 15. If the child is 15 years or older on the date of death, payment must be made for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 1a using the age of the member and age of the dependent child at the date of death in lieu of the age of the surviving spouse. If there is more than one dependent child, each dependent child shall receive a proportionate share of the actuarial value of the employee's account.

Sec. 10. Minnesota Statutes 1992, section 354.05, subdivision 8, is amended to read:

Subd. 8. [DEPENDENT CHILD.] For the purpose of survivor benefit eligibility under section 354.46, subdivision 1, "dependent child" means any natural biological or adopted child of a deceased member who has not reached the age of 18, or who is under age 22 and is a full-time student throughout the normal school year, unmarried and dependent for more than one-half of support upon such the member and for a period of at least 90 days prior to the member's death. It also includes any child of the member conceived while living and born after death.

Sec. 11. Minnesota Statutes 1992, section 354.05, is amended by adding a subdivision to read:

Subd. 8a. [DEPENDENT CHILD.] For the purpose of survivor benefit eligibility under section 354.46, subdivision 2b, "dependent child" means any biological or adopted child of a deceased member who has not reached the age of 20 and is dependent for more than one-half of support upon the member. It also includes any child of the member conceived while living and born after death.

Sec. 12. Minnesota Statutes 1992, section 354.46, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY BENEFIT.] (a) The surviving spouse of any member or former member who has attained the age of at least 50 years and has credit for at least three years of allowable service or who has credit for at least 30 years of allowable service irrespective of age is entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. If the surviving spouse does not

elect to receive a surviving spouse benefit ~~provided pursuant to~~ under subdivision 1, if applicable, or does not elect to receive a refund of accumulated member contributions ~~provided pursuant to~~ under section 354.47, subdivision 1, the surviving spouse is entitled to receive, upon written application on a form prescribed by the executive director, a benefit equal to the second portion of a 100 percent joint and survivor annuity ~~as provided pursuant to~~ specified under section 354.45, based on the age of the member and surviving spouse at the time of death of the member, and computed ~~pursuant to~~ under section 354.44, subdivision 2; or 6, or 7, whichever is applicable.

(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 354.44, subdivision 6, paragraph (3)(ii), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the member was under age 55 and has credit for at least three years of allowable service on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the surviving spouse at the time of death. The annuity is calculated using the full early retirement reduction under section 354.44, subdivision 6, to age 55 and one-half of the early retirement reduction from age 55 to the age the annuity begins. The surviving spouse eligible for a surviving spouse benefit under paragraph (a) may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for the annuity any time after the member's death. This benefit accrues from the day following the date of the member's death but may not begin to accrue more than six months before the date the application is filed with the executive director. Sections 354.44 354.55, subdivision 6 11, and 354.60 apply to a deferred annuity payable under this section. The benefit is payable for life.

Sec. 13. Minnesota Statutes 1992, section 354.46, is amended by adding a subdivision to read:

Subd. 2a. [SURVIVOR COVERAGE TERM CERTAIN.] In lieu of the 100 percent optional annuity under subdivision 2, or a refund under section 354.47, subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

If a surviving spouse elects a term certain payment and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

Sec. 14. Minnesota Statutes 1992, section 354.46, is amended by adding a subdivision to read:

Subd. 2b. [DEPENDENT CHILD SURVIVOR COVERAGE.] If there is no surviving spouse eligible for benefits under subdivision 2, a dependent child or children as defined in section 354.05, subdivision 8a, is eligible for monthly payments. Payments to a dependent child must be paid from the date of the member's death to the date the dependent child attains age 20 if the child is under age 15. If the child is 15 years or older on the date of death, payment must be made for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 2 using the age of the member and age of the dependent child at the date of death in lieu of the age of the member and the spouse. If there is more than one dependent child, each dependent child shall receive a proportionate share of the actuarial value of the member's account.

Sec. 15. Minnesota Statutes 1992, section 354.46, subdivision 5, is amended to read:

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

Sec. 16. Minnesota Statutes 1992, section 354A.011, is amended by adding a subdivision to read:

Subd. 12a. [DEPENDENT CHILD.] "Dependent child" means any biological or adopted child of a deceased member who has not reached the age of 20 and is dependent on the member for more than one-half of the child's support at the time of the member's death. It also means a child of the member conceived during the member's lifetime and born after the member's death.

Sec. 17. Minnesota Statutes 1992, section 354A.35, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE TO RETIRE; SURVIVING SPOUSE OPTIONAL ANNUITY.] (a) The surviving spouse of any a coordinated member who has attained the age of at least 50 years and has credit for at least three years of service or has credit for at least 30 years of service regardless of age shall be entitled to joint and survivor annuity coverage in the event of death of the member and dies prior to retirement, may elect to receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100 percent joint and survivor annuity the member could have qualified for had the member terminated service on the date of death. The surviving spouse eligible for a surviving spouse benefit under this paragraph may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. A surviving spouse eligible for surviving spouse benefits under paragraph (b) and (c) may apply for an annuity at any time after the member's death. The member's surviving spouse shall be paid a joint and survivor annuity as provided in under section 354A.32 and computed pursuant to under section 354A.31.

(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the member was under age 55 and has credit for at least three years of allowable service on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the survivor at the time of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early retirement reduction from age 55 to the date payment begins.

Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or surviving spouse benefit payable under this section. The benefits shall be are payable for the life of the surviving spouse, or upon expiration of the term certain benefit payment under subdivision 2b.

Sec. 18. Minnesota Statutes 1992, section 354A.35, is amended by adding a subdivision to read:

Subd. 2b. [SURVIVOR COVERAGE TERM CERTAIN.] In lieu of the 100 percent optional annuity under subdivision 2, or a refund under subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

If a surviving spouse elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

Sec. 19. Minnesota Statutes 1992, section 354A.35, is amended by adding a subdivision to read:

Subd. 2c. [DEPENDENT CHILD SURVIVOR COVERAGE.] If there is no surviving spouse eligible for benefits under subdivision 2, a dependent child or children as defined in section 354A.011, subdivision 12a, is eligible for monthly payments. Payments to a dependent child must be paid from the date of the member's death to the date the dependent child attains age 20 if the child is under age 15. If the child is 15 years or older on the date of death, payment must be made for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 2 using the age of the member and age of the dependent child at the date of death. If there is more than one dependent child, each dependent child shall receive a proportionate share of the actuarial value of the employee's account.

Sec. 20. [EFFECTIVE DATE.]

Sections 1 to 19 are effective July 1, 1993."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 625, A bill for an act relating to retirement; first class city teachers; annuities, death-while-active survivor benefits, and administration; St. Paul teachers postretirement adjustments; administrative expenses; amending Minnesota Statutes 1992, sections 354A.011, subdivision 27; 354A.021, subdivision 5; 354A.12, subdivisions 1, 1a, 2a, 2b, and by adding a subdivision; 354A.23, subdivision 3; 354A.31, by adding subdivisions; 354A.35, subdivision 2; and 356.215, subdivision 4j.

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:

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

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

S. F. No. 429 was reported to the House.

Jacobs moved to amend S. F. No. 429, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 169.122, is amended by adding a subdivision to read:

Subd. 5. [EXCEPTION.] This section does not apply to the possession or consumption of alcoholic beverages by passengers in:

(1) a bus operated under a charter as defined in section 221.011, subdivision 20; or

(2) a limousine as defined in section 168.011, subdivision 35.

Sec. 2. Minnesota Statutes 1992, section 297C.07, is amended to read:

297C.07 [EXCEPTIONS.]

The following are not subject to the excise tax:

(1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in interstate commerce.

(2) Sales of wine for sacramental purposes under section 340A.316.

(3) Fruit juices naturally fermented or beer naturally brewed in the home for family use.

(4) Malt beverages served by a brewery for on-premise consumption at no charge, or distributed to brewery employees for on-premise consumption under a labor contract.

(5) Alcoholic beverages sold to authorized manufacturers of food products or pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture of food products or medicines. For purposes of this part, "manufacturer" means a manufacturer of food products intended for sale to wholesalers or retailers for ultimate sale to the consumer.

(6) Sales to common carriers engaged in interstate transportation of passengers and qualified approved military clubs, except as provided in section 297C.17.

(7) Alcoholic beverages sold or transferred between Minnesota wholesalers.

(8) Sales to a federal agency, that the state of Minnesota is prohibited from taxing under the constitution or laws of the United States or under the constitution of Minnesota.

(9) Shipments of wine to Minnesota residents under section 340A.417.

Sec. 3. Minnesota Statutes 1992, section 340A.101, subdivision 15, is amended to read:

Subd. 15. [LICENSED PREMISES.] "Licensed premises" is the premises described in the approved license application, subject to the provisions of section 340A.410, subdivision 7. In the case of a restaurant, club, or exclusive liquor store licensed for on-sales of alcoholic beverages and located on a golf course, "licensed premises" means the entire golf course except for areas where motor vehicles are regularly parked or operated.

Sec. 4. Minnesota Statutes 1992, section 340A.101, subdivision 25, is amended to read:

Subd. 25. [RESTAURANT.] "Restaurant" is an establishment, other than a hotel, under the control of a single proprietor or manager, where meals are regularly prepared on the premises and served at tables to the general public, and having seating capacity for guests in the following minimum numbers:

- | | |
|--|-----|
| (a) First class cities | 50 |
| (b) Second and third class cities
and statutory cities of over
10,000 population | 30 |
| (c) Unincorporated or unorganized
territory other than in Cook,
Itasca, Lake, Lake of the Woods,
and St. Louis counties | 100 |
| (d) Unincorporated or unorganized
territory in Cook, Itasca, Lake,
Lake of the Woods, and St. Louis
counties | 50 |

In the case of classes (b) and (c) above, the governing body of a city or county may prescribe a higher minimum number. In fourth class cities and statutory cities under 10,000 population, minimum seating requirements are those prescribed by the governing body of the city.

Sec. 5. Minnesota Statutes 1992, section 340A.101, subdivision 29, is amended to read:

Subd. 29. [WINE.] "Wine" is the product made from the normal alcoholic fermentation of grapes, including still wine, sparkling and carbonated wine, wine made from condensed grape must, wine made from other agricultural products than sound, ripe grapes, imitation wine, compounds sold as wine, vermouth, cider, perry and sake, in each instance containing not less than seven one-half of one percent nor more than 24 percent alcohol by volume for nonindustrial use. Wine does not include distilled spirits as defined in subdivision 9.

Sec. 6. Minnesota Statutes 1992, section 340A.301, subdivision 3, is amended to read:

Subd. 3. [APPLICATION.] An application for a license under this section must be made to the commissioner on a form the commissioner prescribes and must be accompanied by the fee specified in subdivision 6. If an application is denied, \$100 of the amount of any fee exceeding that amount shall be retained by the commissioner to cover costs of investigation.

Sec. 7. Minnesota Statutes 1992, section 340A.302, subdivision 3, is amended to read:

Subd. 3. [FEES.] Annual fees for licenses under this section, which must accompany the application, are as follows:

Importers of distilled spirits, wine, or ethyl alcohol \$420

Importers of malt liquor \$800

If an application is denied, \$100 of the fee shall be retained by the commissioner to cover costs of investigation.

Sec. 8. Minnesota Statutes 1992, section 340A.311, is amended to read:

340A.311 [BRAND REGISTRATION.]

(a) A brand of intoxicating liquor or 3.2 percent malt liquor may not be manufactured, imported into, or sold in the state unless the brand label has been registered with and approved by the commissioner. A brand registration must be renewed every three years in order to remain in effect. The fee for an initial brand registration is \$30. The fee for brand registration renewal is \$20. The brand label of a brand of intoxicating liquor or 3.2 percent malt liquor for which the brand registration has expired, is conclusively deemed abandoned by the manufacturer or importer.

(b) In this section "brand" and "brand label" include trademarks and designs used in connection with labels.

(c) The label of any brand of ~~wine or intoxicating or nonintoxicating malt alcoholic~~ beverage may be registered only by the brand owner or authorized agent. No such brand may be imported into the state for sale without the consent of the brand owner or authorized agent. This section does not limit the provisions of section 340A.307.

Sec. 9. Minnesota Statutes 1992, section 340A.402, is amended to read:

340A.402 [PERSONS ELIGIBLE.]

No retail license may be issued to:

(1) a person not a citizen of the United States or a resident alien;

(2) a person under 21 years of age;

(3) a person who has had an intoxicating liquor or nonintoxicating liquor license revoked within five years of the license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested;

(4) a person not of good moral character and repute; or

(5) a person who has a direct or indirect interest in a manufacturer, brewer, or wholesaler.

In addition, no new retail license may be issued to, and the governing body of a municipality may refuse to renew the license of, a person who, within five years of the license application, has been convicted of a felony or a willful violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage.

Sec. 10. Minnesota Statutes 1992, section 340A.410, subdivision 7, is amended to read:

Subd. 7. [LICENSE LIMITED TO SPACE SPECIFIED.] A licensed authority may issue a retail alcoholic beverage license only for a space that is compact and contiguous. A retail alcoholic beverage license ~~to sell any alcoholic beverage~~ is only effective for the ~~compact and contiguous space~~ licensed premises specified in the approved license application.

Sec. 11. Minnesota Statutes 1992, section 340A.415, is amended to read:

340A.415 [LICENSE REVOCATION OR SUSPENSION.]

The authority issuing ~~or approving~~ any retail license or permit under this chapter or the commissioner shall either suspend for up to 60 days or revoke the license or permit or impose a civil ~~fine~~ penalty not to exceed \$2,000 for each violation on a finding that the license or permit holder has ~~failed to comply with an applicable statute, rule, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been afforded an opportunity for a hearing under sections 14.57 to 14.69 of the administrative procedure act. This section does not require a political subdivision to conduct the hearing before an employee of the office of administrative hearing. The issuing authority or the commissioner may impose the penalties provided in this section on a retail licensee who knowingly~~ (1) sold alcoholic beverages to another retail licensee for the purpose of resale, (2) purchases alcoholic beverages from another retail licensee for the purpose of resale, (3) ~~conducts or permits conducted or permitted~~ the conduct of gambling on the licensed premises in violation of the law, or (4) fails failed to remove or dispose of alcoholic beverages when ordered by the commissioner to do so under section 340A.508, subdivision 3, or (5) failed to comply with an applicable statute, rule, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been given an opportunity for a hearing under sections 14.57 to 14.69 of the administrative procedure act. This section does not require a political subdivision to conduct the hearing before an employee of the office of administrative hearings. Imposition of a penalty or suspension by either the issuing authority or the commissioner does not preclude imposition of an additional penalty or suspension by the other so long as the total penalty or suspension does not exceed the stated maximum.

Sec. 12. [340A.417] [SHIPMENTS INTO MINNESOTA.]

(a) Notwithstanding section 297C.09 or any provision of this chapter, a winery licensed in a state which affords Minnesota wineries an equal reciprocal shipping privilege may ship, for personal use and not for resale, not more than two cases of wine, containing a maximum of nine liters per case, in any calendar year to any resident of Minnesota age 21 or over. Delivery of a shipment under this section may not be deemed a sale in this state.

(b) The shipping container of any wine sent into or out of Minnesota under this section must be clearly labeled to indicate that the package cannot be delivered to a person under the age of 21 years.

(c) No person may (1) advertise shipments authorized under this section, or (2) by advertisement or otherwise, solicit shipments authorized by this section. No shipper located outside Minnesota may advertise such interstate reciprocal wine shipments in Minnesota.

(d) It is not the intent of this section to impair the distribution of wine through distributors or importing distributors, but only to permit shipments of wine for personal use.

Sec. 13. Minnesota Statutes 1992, section 340A.503, subdivision 6, is amended to read:

Subd. 6. [PROOF OF AGE; DEFENSE.] (a) Proof of age for purchasing or consuming alcoholic beverages may be established only by one of the following:

(1) a valid driver's license or identification card issued by Minnesota, another state, or a province of Canada, and including the photograph and date of birth of the licensed person;

(2) ~~a valid Minnesota identification card;~~

(3) ~~a valid Canadian military identification card with the photograph and date of birth of the person, issued by a Canadian province~~ the United States Department of Defense; or

(4) (3) in the case of a foreign national, from a nation other than Canada, by a valid passport.

(b) In a prosecution under subdivision 2, clause (1), it is a defense for the defendant to prove by a preponderance of the evidence that the defendant reasonably and in good faith relied upon representations of proof of age authorized in paragraph (a) in selling, bartering, furnishing, or giving the alcoholic beverage.

Sec. 14. Minnesota Statutes 1992, section 340A.904, subdivision 1, is amended to read:

Subdivision 1. [DISPOSAL ALTERNATIVES.] Contingent on the final determination of any action pending in a court, the commissioner shall dispose of alcoholic beverages, material, apparatus, or vehicle seized by inspectors or employees of the department by:

- (1) delivering alcoholic beverages to the bureau of criminal apprehension or state patrol for use in chemical testing programs;
- (2) delivering on written requests of the commissioner of administration any material, apparatus, or vehicle for use by a state department;
- (3) selling intoxicating liquor to licensed retailers within the state;
- (4) selling any material, apparatus, or vehicle; ~~or~~
- (5) destroying alcoholic beverages or contraband articles that have no lawful use; or
- (6) donation to a charity registered under section 309.52.

Sec. 15. Laws 1983, chapter 259, section 8, is amended to read:

Sec. 8. [ST. PAUL; PARK CLUB HOUSES AND PAVILION; LIQUOR.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding any contrary provision of law, charter or ordinance, the city of St. Paul may by ordinance authorize any holder of an "on-sale" liquor license issued by the city to dispense intoxicating liquor at any event of definite duration on the public premises known as the Phalen Park club house, the Como Park club house, and the Como Park lakeside pavilion. The event may not be profit making except as a fund raising event for a nonprofit organization or a political committee as defined in Minnesota Statutes, section 210A.01, subdivision 8 211A.01, subdivision 4. The licensee must be engaged to dispense liquor at the event by a person or organization permitted to use the premises and may dispense liquor only to persons attending the event. A licensee's authority shall expire upon termination of the event. The authority to dispense liquor shall be granted in accordance with the statutes applicable to the issuance of "on-sale" liquor licenses in cities of the first class consistent with this act. The dispensing of liquor shall be subject to all laws and ordinances governing the dispensing of intoxicating liquor that are consistent with this act. All dispensing of liquor shall be in accordance with the conditions prescribed by the city. The conditions may limit the dispensing of liquor to designated areas of the facility. The city may fix and assess a fee to be paid to the city by an "on-sale" licensee for each event for which the licensee is engaged to dispense liquor. The authority granted by this subdivision shall not count as an additional "on-sale" intoxicating liquor license for purposes of determining the number of liquor licenses permitted to be issued under the provisions of Minnesota Statutes, section 340.11 340A.413.

Subd. 2. [LOCAL APPROVAL.] This section is effective on approval by the St. Paul city council and compliance with Minnesota Statutes, section 645.021.

Sec. 16. Laws 1992, chapter 486, section 11, is amended to read:

Sec. 11. [NATIONAL SPORTS CENTER; SALES OF ALCOHOLIC BEVERAGES.]

Subdivision 1. [AUTHORIZATION.] The Blaine city council may by ordinance authorize a holder of a retail on-sale intoxicating liquor license issued by the city of Blaine or a contiguous another city within Anoka, Hennepin, or Ramsey county to dispense alcoholic beverages at the National Sports Center to persons attending a social event at the center. The licensee must be engaged to dispense alcoholic beverages at a social event held by a person or organization permitted to use the National Sports Center. Nothing in this section authorizes a licensee to dispense alcoholic beverages at any youth amateur athletic event held at the center.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day following final enactment. Under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), this section takes effect without local approval.

Sec. 17. [STEARNS COUNTY; COMBINATION OFF-SALE AND ON-SALE LICENSE.]

Notwithstanding Minnesota Statutes, section 340A.405, the Stearns county board may issue a combination off-sale and on-sale intoxicating liquor license to an establishment in Fair Haven township that is currently licensed to sell alcoholic beverages for consumption on the licensed premises but does not qualify as a restaurant under Minnesota Statutes, section 340A.101, subdivision 25. The license may be issued only after the Fair Haven town board adopts a resolution supporting the issuance of the license.

Sec. 18. [INTOXICATING LIQUOR LICENSE; TOWN OF SCHROEDER.]

The town board of Schroeder in Cook county may, with the approval of the commissioner of public safety, issue an off-sale intoxicating liquor license to an exclusive liquor store located within the town. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the license.

Sec. 19. [ZOOLOGICAL GARDEN LICENSES.]

Subdivision 1. [AUTHORIZATION.] (a) In addition to other licenses authorized by law, the city of Apple Valley may issue one or more on-sale intoxicating liquor licenses to an entity holding a concessions contract with the Minnesota zoological board for use on the premises of the Minnesota zoological gardens. Licenses authorized under this paragraph authorize sales on all days of the week. Licenses authorized by this paragraph may be issued for licensed premises that are not compact and contiguous, provided that the licensed premises must be (1) entirely included within the premises of the Minnesota zoological gardens, and (2) described in the approved license application.

(b) The city of Apple Valley may (1) authorize the holder of a retail on-sale intoxicating liquor license issued by the city to dispense intoxicating liquor at any convention, banquet, conference, meeting, or social affair conducted on the premises owned by Dakota county located at 14955 Galaxie Avenue in Apple Valley, or (2) may issue an on-sale intoxicating liquor license to any entity holding a concessions contract with the owner for use on the premises. The licensee must be engaged to dispense intoxicating liquor at an event held by a person or organization permitted to use the premises and may dispense intoxicating liquor only to persons attending the event.

(c) All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licensing, sale, and serving of alcoholic beverages under this section.

Subd. 2. [LOCAL APPROVAL.] This section is effective on approval by the Apple Valley city council and compliance with Minnesota Statutes, section 645.021.

Sec. 20. [HOUSTON COUNTY; ON-SALE LIQUOR LICENSE.]

Subdivision 1. [AUTHORIZATION.] (a) The county board of Houston county may, with the approval of the commissioner of public safety, issue an on-sale intoxicating liquor license to an establishment located in Crooked Creek township notwithstanding the fact that the establishment is not a restaurant as defined in Minnesota Statutes, section 340A.101, subdivision 25.

(b) The county board of Houston county may, with the approval of the commissioner of public safety, issue an on-sale intoxicating liquor license to an establishment located in Brownsville township notwithstanding the fact that the establishment is not a restaurant as defined in Minnesota Statutes, section 340A.101, subdivision 25.

(c) All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licenses authorized by this section.

Subd. 2. [LOCAL APPROVAL.] This section is effective on approval by the Houston county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 21. [ON-SALE LICENSE; ISANTI COUNTY.]

Subdivision 1. [AUTHORIZATION.] The Isanti county board may issue an on-sale intoxicating liquor license to a premises located in Dalbo township and designated at the time of initial licensing as the Dusty Eagle without regard to whether the licensed premises meets the definition of a restaurant in Minnesota Statutes, section 340A.101, subdivision 25. All other provisions in Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the license authorized by this section.

Subd. 2. [LOCAL APPROVAL.] This section is effective on approval by the Isanti county board and compliance with Minnesota Statutes, section 645.021.

Sec. 22. [ST. CLOUD; MULTIPLE LICENSES.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 340A.412, subdivision 3, the city of St. Cloud may issue more than one off-sale intoxicating liquor license to a corporation for locations within the city if each such location is in a different county. All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to licenses authorized by this section.

Subd. 2. [LOCAL APPROVAL.] This section is effective on approval by the St. Cloud city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. [AITKIN COUNTY; OFF-SALE LICENSE.]

Subdivision 1. [AUTHORIZED.] Notwithstanding any provision of Minnesota Statutes, section 340A.405, subdivision 2, the Aitkin county board may issue one off-sale liquor license to a premises located in Farm Island township and designated at the time of initial licensing as the "Farm Island Store." All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section shall apply to this license.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective on approval by the Aitkin county board and compliance with Minnesota Statutes, section 645.021.

Sec. 24. [REPEALER.]

Minnesota Statutes 1992, section 340A.903, is repealed.

Sec. 25. [EFFECTIVE DATE.]

Sections 2 and 12 are effective the day following final enactment. Sections 3 to 10, 14, and 24 are effective July 1, 1993."

Delete the title and insert:

"A bill for an act relating to alcoholic beverages; authorizing possession of alcoholic beverages by passengers in certain vehicles; allowing certain shipments of wine into the state and exempting them from taxation; defining terms; providing exemptions from law on unlawful discrimination by licensed importers of intoxicating liquor; allowing registration of brand labels of alcoholic beverages only by the brand owner; prohibiting issuance of retail licenses to certain persons; revising authority for suspensions and civil penalties; providing for proof of age; prohibiting false statements in certain license applications; authorizing license issuance in certain political subdivisions; amending Minnesota Statutes 1992, sections 169.122, by adding a subdivision; 297C.07; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.311; 340A.402; 340A.410, subdivision 7; 340A.415; 340A.503, subdivision 6; 340A.904, subdivision 1; Laws 1983, chapter 259, section 8; and Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapter 340A; repealing Minnesota Statutes 1992, section 340A.903."

The motion prevailed and the amendment was adopted.

Jacobs and Lourey moved to amend S. F. No. 429, as amended, as follows:

Page 12, delete section 22 and insert:

"Sec. 22. [PINE COUNTY; ON-SALE LICENSE.]

Subdivision 1. [AUTHORITY.] Notwithstanding Minnesota Statutes, section 340A.504, subdivision 3, paragraph (d), Pine county may issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township upon approval by the voters of the town at a special election under Minnesota Statutes, section 340A.504, subdivision 3, paragraph (d).

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective on approval by the Pine county board and compliance with Minnesota Statutes, section 645.021."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Holsten moved to amend S. F. No. 429, as amended, as follows:

Page 13, after line 3, insert a section to read:

"Sec. 24. [STILLWATER; LICENSE AUTHORIZED.]

Subdivision 1. [LICENSE AUTHORIZED.] The city of Stillwater may issue one on-sale intoxicating liquor license in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent herewith, apply to the license authorized by this section.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective on approval by the Stillwater city council and compliance with Minnesota Statutes, section 645.021, subdivision 3."

Renumber the remaining sections

The motion prevailed and the amendment was adopted.

Osthoff moved to amend S. F. No. 429, as amended, as follows:

Page 8, after line 26, insert a section to read:

"Sec. 15. Laws 1969, chapter 783, section 1, as amended by Laws 1971, chapter 498, section 1, as amended by Laws 1973, chapter 396, is further amended by adding a subdivision to read:

Subd. 2. The civic center authority may delegate to its chief administrator any powers granted to the authority under subdivision 1."

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Tomassoni moved to amend S. F. No. 429, as amended, as follows:

Page 9, after line 26, insert:

"Sec. 16. Laws 1991, chapter 249, section 30, is amended to read:

Sec. 30. [ON-SALE LICENSES; CITY OF HIBBING.]

Notwithstanding Minnesota Statutes, section 340A.413, subdivision 1, the city of Hibbing may issue not more than 20 22 on-sale intoxicating liquor licenses. All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to licenses issued under this section."

Renumber the remaining sections and correct internal references

Page 13, after line 9, insert:

"Section 16 is effective on approval by the Hibbing city council and compliance with Minnesota Statutes, section 645.021, subdivision 3."

Amend the title:

Page 1, line 21, after the semicolon insert "Laws 1991, chapter 249, section 30;"

The motion prevailed and the amendment was adopted.

S. F. No. 429, A bill for an act relating to alcoholic beverages; reciprocity in interstate transportation of wine; changing definitions of licensed premises, restaurant, and wine; authorizing an investigation fee on denied licenses; disqualifying felons from licensing; revising authority for suspensions and civil penalties; making rule violations and false or incomplete statements in license applications misdemeanors; providing instructions to the revisor; penalties for importation of excess quantities; proof of age for purchase or consumption; opportunity for a hearing for license revocation or suspension; prohibiting certain transactions; authorizing the dispensing of intoxicating liquor at the Como Park lakeside pavilion; authorizing dispensing of liquor by an on-sale licensee at the National Sports Center in Blaine; authorizing the city of Apple Valley to issue on-sale licenses on zoological gardens property and to allow an on-sale license to dispense liquor on county-owned property within the city; authorizing Houston county to issue an on-sale intoxicating liquor license to establishments in Crooked Creek and Brownsville townships; authorizing the town of Schroeder in Cook county to issue an off-sale license to an exclusive liquor store; authorizing an on-sale liquor license in Dalbo township of Isanti county; authorizing Stillwater to issue an additional on-sale intoxicating liquor license to a hotel in the city; authorizing Aitkin county to issue one off-sale liquor license to a premises located in Farm Island township; authorizing Pine county to issue one Sunday off-sale intoxicating liquor license to a licensed premises located in Barry township; amending Minnesota Statutes 1992, sections 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.308; 340A.402; 340A.415; 340A.503, subdivision 6; 340A.703; and 340A.904, subdivision 1; Laws 1983, chapter 259, section 8; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapters 297C; and 340A; repealing Minnesota Statutes 1992, section 340A.903.

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 9 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Johnson, R.	Mosel	Onnen	Seagren	Waltman
Lindner	Olson, M.	Rice	Skoglund	

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

The Speaker resumed the Chair.

S. F. No. 1367, A bill for an act relating to the environment; authorizing administrative penalty orders for violations of provisions relating to hazardous chemical reporting requirements; amending Minnesota Statutes 1992, section 299K.10, 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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

Frerichs was excused while in conference.

S. F. No. 304, A bill for an act relating to agriculture; requiring aquatic pest control applicators to be licensed; establishing categories of commercial aquatic applicator and certified aquatic applicator; exempting certain applications from aquatic pest control licensure requirements; amending Minnesota Statutes 1992, sections 18B.32; 18B.33, subdivisions 1 and 4; and 18B.34, subdivisions 1 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 124 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Onnen

The bill was passed and its title agreed to.

Anderson, I., moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Anderson, I., moved that the bills on General Orders for today be continued. The motion prevailed.

ADJOURNMENT

Anderson, I., moved that when the House adjourns today it adjourn until 10:00 a.m., Saturday, May 15, 1993. The motion prevailed.

Anderson, I., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:00 a.m., Saturday, May 15, 1993.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA
SEVENTY-EIGHTH SESSION -- 1993

SIXTIETH DAY

SAINT PAUL, MINNESOTA, SATURDAY, MAY 15, 1993

The House of Representatives convened at 10:00 a.m. and was called to order by Dee Long, Speaker of the House.

Prayer was offered by Representative Arlon Lindner, District 33A, Corcoran, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Sparby was excused.

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

REPORTS OF CHIEF CLERK

S. F. No. 860 and H. F. No. 1131, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Johnson, R., moved that the rules be so far suspended that S. F. No. 860 be substituted for H. F. No. 1131 and that the House File be indefinitely postponed. The motion prevailed.

SECOND READING OF SENATE BILLS

S. F. No. 860 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Stanius, Krinkie, Workman, Knickerbocker and Gruenes introduced:

H. F. No. 1787, A bill for an act relating to the legislature; requiring business impact notes for bills affecting business; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Bishop, Skoglund, Farrell, Pugh and Carruthers introduced:

H. F. No. 1788, A bill for an act relating to marriage; providing for postnuptial contracts; amending Minnesota Statutes 1992, section 519.11.

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

Olson, M.; Stanius; Swenson and Commers introduced:

H. F. No. 1789, A bill for an act relating to elections; changing the political contribution refund to a credit; changing the amount of the credit; amending Minnesota Statutes 1992, sections 10A.322, subdivision 4; and 290.06, subdivision 23.

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

Jaros introduced:

H. F. No. 1790, A bill for an act relating to education; providing for a foreign year abroad for prospective foreign language teachers.

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

HOUSE ADVISORIES

The following House Advisory was introduced:

Evans, Luther, Clark, Murphy and Lourey introduced:

H. A. No. 29, A proposal for a study on women in the workplace.

The advisory was referred to the Committee on Commerce and Economic Development.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

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

H. F. No. 994, A bill for an act relating to children; foster care and adoption placement; specifying time limits for compliance with placement preferences; setting standards for changing out-of-home placement; requiring notice of certain adoptions; clarifying certain language; requiring compliance with certain law; amending Minnesota Statutes 1992, sections 257.071, subdivisions 1 and 1a; 257.072, subdivision 7; 259.255; 259.28, subdivision 2, and by adding a subdivision; 259.455; 260.012; 260.181, subdivision 3; and 260.191, subdivisions 1a, 1d, and 1e; proposing coding for new law in Minnesota Statutes, chapters 257; and 259.

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 777, A bill for an act relating to consumers; requiring certain disclosures when consumer reports are used for employment purposes; providing for access to consumer reports; amending Minnesota Statutes 1992, section 13C.01, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 13C; repealing Minnesota Statutes 1992, section 13C.01, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Rukavina moved that the House concur in the Senate amendments to H. F. No. 777 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 777, A bill for an act relating to consumers; requiring certain disclosures when consumer reports are used for employment purposes; providing for access to consumer reports; amending Minnesota Statutes 1992, section 13C.01, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 13C; repealing Minnesota Statutes 1992, section 13C.01, subdivision 2.

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 121 yeas and 11 nays as follows:

Those who voted in the affirmative were:

Abrams	Bergson	Carlson	Dawkins	Garcia	Huntley	Johnson, V.
Anderson, I.	Bertram	Carruthers	Delmont	Goodno	Jacobs	Kahn
Anderson, R.	Bettermann	Clark	Dempsey	Greiling	Jaros	Kalis
Asch	Bishop	Commers	Dorn	Gutknecht	Jefferson	Kelley
Battaglia	Blatz	Cooper	Erhardt	Hasskamp	Jennings	Kelso
Bauerly	Brown, C.	Dauner	Evans	Hausman	Johnson, A.	Kinkel
Beard	Brown, K.	Davids	Farrell	Holsten	Johnson, R.	Klinzing

Knickerbocker	Mahon	Nelson	Pawlenty	Sarna	Tomassoni	Wenzel
Koppendrayner	Mariani	Olson, E.	Pelowski	Seagren	Tompkins	Winter
Krueger	McCollum	Olson, K.	Perlt	Sekhon	Trimble	Wolf
Lasley	McGuire	Onnen	Peterson	Simoneau	Tunheim	Worke
Leppik	Milbert	Opatz	Pugh	Skoglund	Van Dellen	Workman
Lieder	Molnau	Orenstein	Reding	Smith	Vellenga	Spk. Long
Limmer	Morrison	Orfield	Rest	Solberg	Vickerman	
Lourey	Mosel	Osthoff	Rhodes	Stanius	Wagenius	
Luther	Munger	Ostrom	Rice	Steensma	Weaver	
Lynch	Murphy	Ozment	Rodosovich	Sviggum	Wejcman	
Macklin	Neary	Pauly	Rukavina	Swenson	Welle	

Those who voted in the negative were:

Dehler	Girard	Haukoos	Krinkie	Ness	Waltman
Frerichs	Gruenes	Hugoson	Lindner	Oison, M.	

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1499, A bill for an act relating to consumer protection; providing for training requirements for manual or mechanical therapy; requiring diagnosis of a person's condition before therapy; providing for rulemaking; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 146.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Cooper moved that the House concur in the Senate amendments to H. F. No. 1499 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1499, A bill for an act relating to consumer protection; providing for training requirements for manual or mechanical therapy; requiring diagnosis of a person's condition before therapy; providing for rulemaking; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 146.

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	Brown, C.	Dempsey	Hasskamp	Johnson, V.	Leppik	Milbert
Anderson, I.	Brown, K.	Dorn	Haukoos	Kahn	Lieder	Molnau
Anderson, R.	Carlson	Erhardt	Hausman	Kalis	Limmer	Morrison
Asch	Carruthers	Evans	Holsten	Kelley	Lindner	Mosel
Battaglia	Clark	Farrell	Hugoson	Kelso	Lourey	Munger
Bauerly	Commers	Frerichs	Huntley	Kinkel	Luther	Murphy
Beard	Cooper	Garcia	Jacobs	Klinzing	Lynch	Neary
Bergson	Dauner	Girard	Jaros	Knickerbocker	Macklin	Neison
Bertram	Davids	Goodno	Jefferson	Koppendrayner	Mahon	Ness
Bettermann	Dawkins	Greiling	Jennings	Krinkie	Mariani	Olson, E.
Bishop	Dehler	Gruenes	Johnson, A.	Krueger	McCollum	Olson, K.
Blatz	Delmont	Gutknecht	Johnson, R.	Lasley	McGuire	Olson, M.

Onnen	Pauly	Rest	Sekhon	Sviggum	Vellenga	Winter
Opatz	Pawlenty	Rhodes	Simoneau	Swenson	Vickerman	Wolf
Orenstein	Pelowski	Rice	Skoglund	Tomassoni	Wagenius	Worke
Orfield	Perlt	Rodosovich	Smith	Tompkins	Waltman	Workman
Osthoff	Peterson	Rukavina	Solberg	Trimble	Weaver	Spk. Long
Ostrom	Pugh	Sarna	Stanius	Tunheim	Wejzman	
Ozment	Reding	Seagren	Steensma	Van Dellen	Wenzel	

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 623, A bill for an act relating to transportation; including in state transportation plan and development guide certain matters relating to metropolitan area; prohibiting federal block grant funds from being spent on trunk highways unless ancillary to public transit facilities; requiring compliance with comprehensive choice housing requirements before metropolitan council may approve proposed highway project or plan; adding metropolitan transit goals; amending Minnesota Statutes 1992, sections 174.03, subdivision 1a; 473.146, subdivision 3; 473.167, by adding a subdivision; and 473.371; proposing coding for new law in Minnesota Statutes, chapter 174.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Orfield moved that the House concur in the Senate amendments to H. F. No. 623 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 623, A bill for an act relating to transportation; including in state transportation plan and metropolitan council development guide certain matters relating to metropolitan area; amending Minnesota Statutes 1992, sections 174.03, subdivision 1a; 473.146, subdivision 3; and 473.371, subdivision 2.

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 84 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dauner	Jacobs	Klinzing	Murphy	Perlt	Steensma
Anderson, R.	Dawkins	Jaros	Krueger	Neary	Peterson	Tomassoni
Battaglia	Delmont	Jefferson	Lasley	Nelson	Pugh	Trimble
Bauerly	Dorn	Jennings	Lieder	Olson, E.	Reding	Tunheim
Beard	Evans	Johnson, A.	Lourey	Olson, K.	Rest	Vellenga
Bergson	Farrell	Johnson, R.	Luther	Opatz	Rhodes	Wagenius
Bertram	Garcia	Johnson, V.	Lynch	Orenstein	Rukavina	Weaver
Brown, C.	Greenfield	Kahn	Mariani	Orfield	Sarna	Wejzman
Brown, K.	Greiling	Kalis	McCollum	Osthoff	Sekhon	Welle
Carlson	Hasskamp	Kelley	McGuire	Ostrom	Simoneau	Wenzel
Carruthers	Hausman	Kelso	Milbert	Ozment	Skoglund	Winter
Clark	Huntley	Kinkel	Munger	Pelowski	Solberg	Spk. Long

Those who voted in the negative were:

Abrams	Dauids	Gutknecht	Leppik	Mosel	Seagren	Vickerman
Asch	Dehler	Haukoos	Limmer	Ness	Smith	Waltman
Bettermann	Dempsey	Holsten	Lindner	Olson, M.	Stanius	Wolf
Bishop	Frerichs	Hugoson	Macklin	Onnen	Sviggum	Worke
Blatz	Girard	Knickerbocker	Mahon	Pauly	Swenson	Workman
Commers	Goodno	Koppendraye	Molnau	Pawlenty	Tompkins	
Cooper	Gruenes	Krinkie	Morrison	Rodosovich	Van Dellen	

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1081, A bill for an act relating to commerce; regulating collection agencies; modifying prohibited practices; requiring notification to the commissioner upon certain employee terminations; repealing inconsistent surety bond and term and fee rules; regulating credit services organizations; modifying registration and bond requirements; modifying enforcement powers; amending Minnesota Statutes 1992, sections 332.37; 332.54, subdivision 1, and by adding subdivisions; 332.55; and 332.59; proposing coding for new law in Minnesota Statutes, chapter 332; repealing Minnesota Rules, parts 2870.1300; and 2870.1600.

PATRICK E. FLAHAVER, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Asch moved that the House concur in the Senate amendments to H. F. No. 1081 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1081, A bill for an act relating to commerce; regulating collection agencies; modifying prohibited practices; requiring notification to the commissioner upon certain employee terminations; repealing inconsistent surety bond and term and fee rules; regulating credit services organizations; modifying registration and bond requirements; modifying enforcement powers; amending Minnesota Statutes 1992, sections 332.37; 332.54, subdivision 1, and by adding subdivisions; 332.55; and 332.59; proposing coding for new law in Minnesota Statutes, chapter 332; repealing Minnesota Rules, parts 2870.1300; and 2870.1600.

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	Carlson	Frerichs	Jacobs	Koppendraye	McCollum	Onnen
Anderson, I.	Clark	Garcia	Jaros	Krinkie	McGuire	Opatz
Anderson, R.	Commers	Girard	Jefferson	Krueger	Milbert	Orenstein
Asch	Cooper	Goodno	Jennings	Lasley	Molnau	Orfield
Battaglia	Dauner	Greenfield	Johnson, A.	Leppik	Morrison	Osthoff
Bauerly	Dauids	Greiling	Johnson, R.	Lieder	Mosel	Ostrom
Beard	Dawkins	Gruenes	Johnson, V.	Limmer	Munger	Ozment
Bergson	Dehler	Gutknecht	Kahn	Lindner	Murphy	Pauly
Bertram	Delmont	Hasskamp	Kalis	Lourey	Neary	Pawlenty
Bettermann	Dempsey	Haukoos	Kelley	Luther	Nelson	Peiowski
Bishop	Dorn	Hausman	Kelso	Lynch	Ness	Perlt
Blatz	Erhardt	Holsten	Kinkel	Macklin	Olson, E.	Peterson
Brown, C.	Evans	Hugoson	Klinzing	Mahon	Olson, K.	Pugh
Brown, K.	Farrell	Huntley	Knickerbocker	Mariani	Olson, M.	Reding

Rest	Sarna	Smith	Swenson	Van Dellen	Weaver	Wolf
Rhodes	Seagren	Solberg	Tomassoni	Vellenga	Wejcman	Worke
Rice	Sekhon	Stanius	Tompkins	Vickerman	Welle	Workman
Rodosovich	Simoneau	Steenmsa	Trimble	Wagenius	Wenzel	Spk. Long
Rukavina	Skoglund	Sviggum	Tunheim	Waltman	Winter	

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 251, A bill for an act relating to child abuse reporting; expanding the definition of "neglect" to include failure to provide a child with necessary education; amending Minnesota Statutes 1992, section 626.556, subdivision 2.

PATRICK E. FLAHAVER, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Skoglund moved that the House concur in the Senate amendments to H. F. No. 251 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 251, A bill for an act relating to child abuse reporting; expanding the definition of "neglect" to include failure to provide a child with necessary education; creating a presumption for CHIPS purposes that the absence from school of a child under 12 years old is due to educational neglect; amending Minnesota Statutes 1992, sections 260.155, subdivision 1, and by adding a subdivision; and 626.556, subdivision 2.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 836, A bill for an act relating to game and fish; sale of licenses through subagents; amending Minnesota Statutes 1992, section 97A.485, subdivision 4.

PATRICK E. FLAHAVER, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Stanius moved that the House concur in the Senate amendments to H. F. No. 836 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 836, A bill for an act relating to game and fish; sale of licenses through subagents; taking deer of either sex by residents under the age of 16; defining certain terms; changing eligibility for certain permits; amending Minnesota Statutes 1992, sections 86B.101, subdivision 2; 86B.305, subdivisions 1 and 2; 86B.820, subdivision 14; 97A.485, subdivision 4; and 97B.301, by adding a subdivision.

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

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 519, A bill for an act relating to recreational vehicles; regulating registration and operation of off-highway motorcycles; setting fees and penalties; requiring reports to the legislature; appropriating money; amending Minnesota Statutes 1992, sections 85.018, subdivisions 2, 3, and 5; 171.03; and 466.03, subdivision 16; proposing coding for new law in Minnesota Statutes, chapter 84.

PATRICK E. FLAHAVER, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Dorn moved that the House concur in the Senate amendments to H. F. No. 519 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 519, A bill for an act relating to recreational vehicles; regulating registration and operation of off-highway motorcycles and off-road vehicles; setting fees and penalties; requiring reports to the legislature; appropriating money; amending Minnesota Statutes 1992, sections 85.018, subdivisions 1, 2, 3, and 5; 171.03; and 466.03, subdivision 16; proposing coding for new law in Minnesota Statutes, chapter 84.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 543, A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited land that borders public water in Cook county; correcting the legal description of the state land to be sold in Anoka county; amending Laws 1989, chapter 150, section 6.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Battaglia moved that the House concur in the Senate amendments to H. F. No. 543 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 543, A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited land that borders public water in Cook and Sherburne counties; correcting the legal description of the state land to be sold in Anoka county; amending Laws 1989, chapter 150, section 6.

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

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1182, A bill for an act relating to state lands; providing for the release of a state interest in certain property in the city of Minneapolis.

PATRICK E. FLAHAVER, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Jefferson moved that the House concur in the Senate amendments to H. F. No. 1182 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1182, A bill for an act relating to state lands; providing for the release of a state interest in certain property in the city of Minneapolis.

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	Bergson	Carlson	Dawkins	Farrell	Gruenes	Huntley
Anderson, I.	Bertram	Carruthers	Dehler	Frerichs	Gutknecht	Jacobs
Anderson, R.	Bettermann	Clark	Delmont	Garcia	Hasskamp	Jaros
Asch	Bishop	Commers	Dempsey	Girard	Haukoos	Jefferson
Battaglia	Blatz	Cooper	Dorn	Goodno	Hausman	Jennings
Bauerly	Brown, C.	Dauner	Erhardt	Greenfield	Holsten	Johnson, A.
Beard	Brown, K.	Davids	Evans	Greiling	Hugoson	Johnson, R.

Johnson, V.	Leppik	Milbert	Onnen	Pugh	Smith	Vickerman
Kahn	Lieder	Molnau	Opatz	Reding	Solberg	Wagenius
Kalis	Limmer	Morrison	Orenstein	Rest	Stanius	Waltman
Kelley	Lindner	Mosel	Orfield	Rhodes	Steensma	Weaver
Kelso	Lourey	Munger	Osthoff	Rice	Sviggum	Wejzman
Kinkel	Luther	Murphy	Ostrom	Rodosovich	Swenson	Wenzel
Klinzing	Lynch	Neary	Ozment	Rukavina	Tomassoni	Winter
Knickerbocker	Macklin	Nelson	Pauly	Sarna	Tompkins	Wolf
Koppendrayer	Mahon	Ness	Pawlenty	Seagren	Trimble	Worke
Krinkie	Mariani	Olson, E.	Pelowski	Sekhon	Tunheim	Workman
Krueger	McCollum	Olson, K.	Perlt	Simoneau	Van Dellen	Spk. Long
Lasley	McGuire	Olson, M.	Peterson	Skoglund	Vellenga	

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1149, A bill for an act relating to the agricultural finance authority; authorizing direct loans and participations; increasing the dollar limit; amending Minnesota Statutes 1992, sections 41B.02, by adding a subdivision; and 41B.043.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Bauerly moved that the House concur in the Senate amendments to H. F. No. 1149 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1149, A bill for an act relating to the agricultural finance authority; authorizing direct loans and participations; increasing the dollar limit; appropriating money; amending Minnesota Statutes 1992, sections 41B.02, by adding a subdivision; and 41B.043.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1523, A bill for an act relating to insurance; establishing and regulating the life and health guaranty association; providing for its powers and duties; amending Minnesota Statutes 1992, section 61A.02, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapter 61B; repealing Minnesota Statutes 1992, sections 61B.01; 61B.02; 61B.03; 61B.04; 61B.05; 61B.06; 61B.07; 61B.08; 61B.09; 61B.10; 61B.11; 61B.12; 61B.13; 61B.14; 61B.15; and 61B.16.

PATRICK E. FLAHAVER, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Reding moved that the House concur in the Senate amendments to H. F. No. 1523 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1523, A bill for an act relating to insurance; regulating life insurance and annuity contracts; establishing and regulating the life and health guaranty association; providing for its powers and duties; amending Minnesota Statutes 1992, section 61A.02, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapter 61B; repealing Minnesota Statutes 1992, sections 61B.01; 61B.02; 61B.03; 61B.04; 61B.05; 61B.06; 61B.07; 61B.08; 61B.09; 61B.10; 61B.11; 61B.12; 61B.13; 61B.14; 61B.15; and 61B.16.

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

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 504, A bill for an act relating to housing; allowing a county authority to operate certain public housing projects without a city resolution; providing that a housing and redevelopment authority may make down payment assistance loans; changing minimum amounts for certain contract letting procedures; changing requirements for general obligation revenue bonds; amending Minnesota Statutes 1992, sections 469.005, subdivision 1; 469.012, by adding a subdivision; 469.015, subdivisions 1 and 2; and 469.034, subdivision 2.

PATRICK E. FLAHAVER, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Dawkins moved that the House concur in the Senate amendments to H. F. No. 504 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 504, A bill for an act relating to housing; allowing a county authority to operate certain public housing projects without a city resolution; providing that a housing and redevelopment authority may make down payment assistance loans; changing minimum amounts for certain contract letting procedures; authorizing the Duluth housing and redevelopment authority to levy a property tax under general law; changing requirements for general obligation revenue bonds; amending Minnesota Statutes 1992, sections 469.005, subdivision 1; 469.012, by adding a subdivision; 469.015, subdivisions 1 and 2; 469.033, subdivision 6; and 469.034, subdivision 2.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

The Speaker called Bauerly to the Chair.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1095, A bill for an act relating to insurance; regulating investments, assets and liabilities, and annual statements of companies; providing for continuance of coverage upon liquidation; modifying the definition of resident for purposes of the Minnesota insurance guaranty association; regulating dividends and other distributions of insurance holding company systems; regulating risk retention groups; regulating the workers' compensation assigned risk plan; enacting the NAIC model legislation; amending Minnesota Statutes 1992, sections 60A.11, subdivision 9; 60A.12, subdivision 3; 60A.13, subdivisions 1 and 6; 60A.23, subdivision 4; 60B.22, subdivision 1; 60C.03, subdivision 7; 60D.20, subdivisions 2 and 4; 60E.01; 60E.02, subdivisions 9 and 12; 60E.03; 60E.04, subdivisions 1, 2, 3, 4, 7, 8, 11, and by adding a subdivision; 60E.05; 60E.07; 60E.08; 60E.09; 60E.10; 60E.12; and 60E.13; proposing coding for new law in Minnesota Statutes, chapters 60A and 60E; repealing Minnesota Statutes 1992, sections 60A.07, subdivision 5d; 60A.12, subdivision 10; 60B.24; 60E.11; and 79.252, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Stanius moved that the House concur in the Senate amendments to H. F. No. 1095 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1095, A bill for an act relating to insurance; regulating investments, assets and liabilities, and annual statements of companies; providing for continuance of coverage upon liquidation; modifying the definition of resident for purposes of the Minnesota insurance guaranty association; regulating dividends and other distributions of insurance holding company systems; regulating risk retention groups; enacting the NAIC model legislation; amending Minnesota Statutes 1992, sections 60A.11, subdivision 9; 60A.12, subdivision 3; 60A.13, subdivisions 1 and 6; 60A.23, subdivision 4; 60B.22, subdivision 1; 60C.03, subdivision 7; 60D.20, subdivisions 2 and 4; 60E.01; 60E.02, subdivisions 9 and 12; 60E.03; 60E.04, subdivisions 1, 2, 3, 4, 7, 8, 11, and by adding a subdivision; 60E.05; 60E.07; 60E.08; 60E.09; 60E.10; 60E.12; 60E.13; and 79.252, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 60A; and 60E; repealing Minnesota Statutes 1992, sections 60A.07, subdivision 5d; 60A.12, subdivision 10; 60A.13, subdivision 3a; 60B.24; 60E.11; Minnesota Rules, parts 2710.0100; 2710.0200; 2710.0300; 2710.1100; 2710.1200; 2710.1300; 2710.1400; 2710.1500; 2710.1600; 2710.1700; 2710.1800; 2710.1900; 2710.2000; 2710.2100; 2710.3100; 2710.3200; and 2710.3300.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

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

S. F. No. 40.

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. 40

A bill for an act relating to probate; establishing a durable power of attorney for health care; establishing duties of health care providers for the provision of life-sustaining health care; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 145B; proposing coding for new law as Minnesota Statutes, chapter 145C; repealing Minnesota Statutes 1992, section 145B.10.

May 11, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 40, 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. 40 be further amended as follows:

Page 2, line 6, delete "a person" and insert "an individual"

Page 2, line 21, delete "Health care" and insert ""Health care""

Page 3, line 5, delete "a person" and insert "an individual"

Page 3, line 13, after "make" insert "or communicate"

Page 3, line 14, delete "and must otherwise" and insert ". The durable power of attorney for health care must"

Page 3, lines 23 and 34, delete "person" and insert "individual"

Page 3, line 24, delete the comma and insert ". A durable power of attorney for health care"

Page 3, line 25, delete the comma

Page 3, lines 27 and 33, delete "persons" and insert "individuals"

Page 3, line 32, delete "PERSONS" and insert "INDIVIDUALS"

Page 4, line 4, delete "PERSONS" and insert "INDIVIDUALS"

Page 4, lines 25 and 26, after "make" insert "or communicate"

Page 4, line 34, delete "I"

Page 4, delete lines 35 and 36 and insert "It is my intention that my agent or any alternative agent has a personal obligation to me to make health care decisions for me consistent with my expressed wishes. I understand, however, that my agent or any alternative agent has no legal duty to act."

Page 5, line 26, delete "becomes" and insert "is" and delete "any particular" and insert "a"

Page 5, line 27, after "when" insert ":

(1) it has been executed in accordance with section 4; and

(2)"

Page 5, delete line 29 and insert "make or communicate that health care decision and the agent consents to make or communicate"

Page 5, lines 35 and 36, delete "a person" and insert "an individual"

Page 6, lines 2 and 11, after "make" insert "or communicate"

Page 6, lines 5 and 6, delete "a person" and insert "an individual"

Page 6, after line 15, insert:

"Subd. 2. [AGENT AS GUARDIAN.] Except as otherwise provided in the durable power of attorney for health care, appointment of the agent in a durable power of attorney for health care is considered a nomination of a guardian or conservator of the person for purposes of section 525.544."

Page 6, line 16, delete "2" and insert "3"

Page 6, line 27, delete everything after the period

Page 6, delete lines 28 to 35 and insert "An agent or any alternative agent has a personal obligation to the principal to make health care decisions authorized by the durable power of attorney for health care but this obligation does not constitute a legal duty to act."

Page 6, line 36, before "In" insert "Subd. 4. [INCONSISTENCIES AMONG DOCUMENTS.]"

Page 8, lines 18 and 20, delete "a person" and insert "an individual"

Page 8, line 29, delete "or, if those" and insert ". If the principal's"

Page 8, line 30, delete "unable to" and insert "cannot"

Page 8, line 31, after "acting" insert "in good faith means acting"

Page 9, line 4, before "A" insert "(a)"

Page 9, line 17, before "A" insert "(b)" and delete "life prolonging"

Page 9, line 18, delete everything before the comma and insert "health care necessary to keep the principal alive"

Page 9, line 30, delete "a person" and insert "an individual"

Pages 10 and 11, delete section 16 and insert:

"Sec. 16. [145C.15] [DUTIES OF HEALTH CARE PROVIDERS TO PROVIDE LIFE-SUSTAINING HEALTH CARE.]

(a) If a proxy acting under chapter 145B or an agent acting under this chapter directs the provision of health care, nutrition, or hydration that, in reasonable medical judgment, has a significant possibility of sustaining the life of the principal or declarant, a health care provider shall take all reasonable steps to ensure the provision of the directed health care, nutrition, or hydration if the provider has the legal and actual capability of providing the health care either itself or by transferring the principal or declarant to a health care provider who has that capability. Any transfer of a principal or declarant under this paragraph must be done promptly and, if necessary to preserve the life of the principal or declarant, by emergency means. This paragraph does not apply if a living will under chapter 145B or a durable power of attorney for health care indicates an intention to the contrary.

(b) A health care provider who is unwilling to provide directed health care under paragraph (a) that the provider has the legal and actual capability of providing may transfer the principal or declarant to another health care provider willing to provide the directed health care but the provider shall take all reasonable steps to ensure provision of the directed health care until the principal or declarant is transferred.

(c) Nothing in this section alters any legal obligation or lack of legal obligation of a health care provider to provide health care to a principal or declarant who refuses, has refused, or is unable to pay for the health care."

Page 11, line 15, delete "crimes" and insert "offenses"

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

Senate Conferees: EMBER D. REICHGOTT, DAVID L. KNUTSON AND ALLAN H. SPEAR.

House Conferees: DAVE BISHOP, WESLEY J. "WES" SKOGLUND AND HOWARD ORENSTEIN.

Bishop moved that the report of the Conference Committee on S. F. No. 40 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 40, A bill for an act relating to probate; establishing a durable power of attorney for health care; establishing duties of health care providers for the provision of life-sustaining health care; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 145B; proposing coding for new law as Minnesota Statutes, chapter 145C; repealing Minnesota Statutes 1992, section 145B.10.

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

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Waltman

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

Madam Speaker:

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

S. F. No. 532.

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. 532

A bill for an act relating to courts; conciliation court; adopting one body of law to govern conciliation courts; increasing the jurisdictional limit; amending Minnesota Statutes 1992, sections 481.02, subdivision 3; and 549.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 550; proposing coding for new law as Minnesota Statutes, chapter 491A; repealing Minnesota Statutes 1992, sections 487.30; 488A.12; 488A.13; 488A.14; 488A.15; 488A.16; 488A.17; 488A.29; 488A.30; 488A.31; 488A.32; 488A.33; and 488A.34; and Laws 1992, chapter 591, section 21.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 532, 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. 532 be further amended as follows:

Page 4, line 29, delete "\$5,000" and insert "\$6,000" and before "or" insert ", or, on and after July 1, 1994, \$7,500" and delete "\$3,000" and insert "\$4,000"

Page 5, after line 21, insert:

"When a court administrator is required to summon the defendant by certified mail under this paragraph, the summons may be made by personal service in the manner provided in the rules of civil procedure for personal service of a summons of the district court as an alternative to service by certified mail."

Page 15, delete section 7

Reorder the sections in sequence

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

Senate Conferees: HAROLD R. "SKIP" FINN, JOHN MARTY AND SHEILA M. KISCADEN.

House Conferees: ANDY DAWKINS, WESLEY J. "WES" SKOGLUND AND BILL MACKLIN.

Dawkins moved that the report of the Conference Committee on S. F. No. 532 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 532, A bill for an act relating to courts; conciliation court; adopting one body of law to govern conciliation courts; increasing the jurisdictional limit; amending Minnesota Statutes 1992, sections 481.02, subdivision 3; and 549.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 550; proposing coding for new law as Minnesota Statutes, chapter 491A; repealing Minnesota Statutes 1992, sections 487.30; 488A.12; 488A.13; 488A.14; 488A.15; 488A.16; 488A.17; 488A.29; 488A.30; 488A.31; 488A.32; 488A.33; and 488A.34; and Laws 1992, chapter 591, section 21.

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 130 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Johnson, R.

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

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1314 and 1260.

PATRICK E. FLAHAVERN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1314, A bill for an act relating to employees; providing for a wage protection program; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 181.

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

S. F. No. 1260, A bill for an act relating to public employment; providing that the local government pay equity act does not limit the ability of public employees to strike; requiring the commissioner of employee relations to consider the effects of strikes in determining whether political subdivisions are in conformity with the act; amending Minnesota Statutes 1992, sections 471.992, subdivision 1; and 471.9981, subdivision 6.

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

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 129

A bill for an act relating to marriage dissolution; maintenance; applying child support enforcement actions to actions to enforce maintenance; expanding notice of rights of parties in dissolution or separation proceeding; requiring child support order to assign responsibility for child's medical coverage; clarifying visitation rights; requiring dissolution judgment or decree to provide notice about principal residence; amending Minnesota Statutes 1992, sections 214.101, subdivisions 1 and 4; 518.17, subdivision 3; 518.171, subdivision 1; 518.175, subdivision 6; 518.177; 518.55; 518.551, subdivision 12; 518.583; 518.611, subdivision 2; and 518.641, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 518.

May 13, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 129, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 129 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 214.101, subdivision 1, is amended to read:

Subdivision 1. [COURT ORDER; HEARING ON SUSPENSION.] If a licensing board receives an order from a court under section 518.551, subdivision 12, dealing with suspension of a license of a person found by the court to be in arrears in child support or maintenance payments, or both, the board shall, within 30 days of receipt of the court order, provide notice to the licensee and hold a hearing. If the board finds that the person is licensed by the board and evidence of full payment of arrearages found to be due by the court is not presented at the hearing, the board shall suspend the license unless it determines that probation is appropriate under subdivision 2. The only issues to be determined by the board are whether the person named in the court order is a licensee, whether the arrearages have been paid, and whether suspension or probation is appropriate. The board may not consider evidence with respect to the appropriateness of the court order or the ability of the person to comply with the order. The board may not lift the suspension until the licensee files with the board proof showing that the licensee is current in child support payments and maintenance.

Sec. 2. Minnesota Statutes 1992, section 214.101, subdivision 4, is amended to read:

Subd. 4. [VERIFICATION OF PAYMENTS.] Before a board may terminate probation, remove a suspension, issue, or renew a license of a person who has been suspended or placed on probation under this section, it shall contact the court that referred the matter to the board to determine that the applicant is not in arrears for child support or maintenance or both. The board may not issue or renew a license until the applicant proves to the board's satisfaction that the applicant is current in support payments and maintenance.

Sec. 3. Minnesota Statutes 1992, section 257.022, is amended by adding a subdivision to read:

Subd. 4. [ESTABLISHMENT OF INTERFERENCE WITH PARENT AND CHILD RELATIONSHIP.] The court may not deny visitation rights under this section based on allegations that the visitation rights would interfere with the relationship between the custodial parent and the child unless after a hearing the court determines by a preponderance of the evidence that interference would occur.

Sec. 4. Minnesota Statutes 1992, section 257.022, is amended by adding a subdivision to read:

Subd. 5. [VISITATION PROCEEDING MAY NOT BE COMBINED WITH PROCEEDING UNDER CHAPTER 518B.]
Proceedings under this section may not be combined with a proceeding under chapter 518B.

Sec. 5. Minnesota Statutes 1992, section 257.57, subdivision 1, is amended to read:

Subdivision 1. A child, the child's biological mother, or a man presumed to be the child's father under section 257.55, subdivision 1, clause (a), (b), or (c) may bring an action:

(a) At any time for the purpose of declaring the existence of the father and child relationship presumed under section 257.55, subdivision 1, clause (a), (b), or (c); or

(b) ~~Within three years after the child's birth~~ For the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, clause (a), (b), or (c), only if the action is brought within two years after the person bringing the action has reason to believe that the presumed father is not the father of the child, but in no event later than three years after the child's birth. However, if the presumed father was divorced from the child's mother and if, on or before the 280th day after the judgment and decree of divorce or dissolution became final, he did not know that the child was born during the marriage or within 280 days after the marriage was terminated, the action is not barred until one year after the child reaches the age of majority or one year after the presumed father knows or reasonably should have known of the birth of the child, whichever is earlier. After the presumption has been rebutted, paternity of the child by another man may be determined in the same action, if he has been made a party.

Sec. 6. Minnesota Statutes 1992, section 289A.50, subdivision 5, is amended to read:

Subd. 5. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT AND MAINTENANCE DEBTORS.] (a) If a court of this state finds that a person obligated to pay child support or maintenance is delinquent in making payments, the amount of child support or maintenance unpaid and owing, including attorney fees and costs incurred in ascertaining or collecting child support or maintenance, must be withheld from a refund due the person under chapter 290. The public agency responsible for child support enforcement or the parent or guardian of a child for whom the support, attorney fees, and costs are owed or the party to whom maintenance, attorney fees, and costs are owed may petition the district ~~or county~~ court for an order providing for the withholding of the amount of child support, maintenance, attorney fees, and costs unpaid and owing as determined by court order. The person from whom the refund may be withheld must be notified of the petition under the rules of civil procedure before the issuance of an order under this subdivision. The order may be granted on a showing to the court that required support or maintenance payments, attorney fees, and costs have not been paid when they were due.

(b) On order of the court, the commissioner shall withhold the money from the refund due to the person obligated to pay the child support or maintenance. The amount withheld shall be remitted to the public agency responsible for child support enforcement ~~or to~~ the parent or guardian petitioning on behalf of the child, or the party to whom maintenance is owed, after any delinquent tax obligations of the taxpayer owed to the revenue department have been satisfied and after deduction of the fee prescribed in section 270A.07, subdivision 1. An amount received by the responsible public agency, or the petitioning parent or guardian, or the party to whom maintenance is owed, in excess of the amount of public assistance spent for the benefit of the child to be supported, or the amount of any support, maintenance, attorney fees, and costs that had been the subject of the claim under this subdivision that has been paid by the taxpayer before the diversion of the refund, must be paid to the person entitled to the money. If the refund is based on a joint return, the part of the refund that must be paid to the petitioner is the proportion of the total refund that equals the proportion of the total federal adjusted gross income of the spouses that is the federal adjusted gross income of the spouse who is delinquent in making the child support or maintenance payments.

(c) A petition filed under this subdivision remains in effect with respect to any refunds due under this section until the support ~~money~~ or maintenance, attorney fees, and costs have been paid in full or the court orders the commissioner to discontinue withholding the money from the refund due the person obligated to pay the support or maintenance, attorney fees, and costs. If a petition is filed under this subdivision concerning child support and a claim is made under chapter 270A with respect to the individual's refund and notices of both are received before the time when payment of the refund is made on either claim, the claim relating to the liability that accrued first in time must be paid first. The amount of the refund remaining must then be applied to the other claim.

Sec. 7. Minnesota Statutes 1992, section 518.17, subdivision 3, is amended to read:

Subd. 3. [CUSTODY ORDER.] (a) Upon adjudging the nullity of a marriage, or in a dissolution or separation proceeding, or in a child custody proceeding, the court shall make such further order as it deems just and proper concerning:

(1) the legal custody of the minor children of the parties which shall be sole or joint;

(2) their physical custody and residence; and

(3) their support. In determining custody, the court shall consider the best interests of each child and shall not prefer one parent over the other solely on the basis of the sex of the parent.

(b) The court shall grant the following rights to each of the parties, unless specific findings are made under paragraph (c), and every custody order must include the following notice to the parties:

~~NOTICE IS HEREBY GIVEN TO THE PARTIES:~~

~~Each party has the right of access to, and to receive copies of, school, medical, dental, religious training, and other important records and information about the minor children. Presentation of a copy of this order to the custodian of a record or other information about the minor children constitutes sufficient authorization for the release of the record or information to the requesting party.~~

~~Each party shall keep the other party informed as to the name and address of the school of attendance of the minor children. Each party has the right to be informed by school officials about the children's welfare, educational progress and status, and to attend school and parent teacher conferences. The school is not required to hold a separate conference for each party.~~

~~In case of an accident or serious illness of a minor child, each party shall notify the other party of the accident or illness, and the name of the health care provider and the place of treatment.~~

~~Each party has the right to reasonable access and telephone contact with the minor children.~~

(c) The court may waive all or part of the notice required under paragraph (b) if it finds that it is necessary to protect the welfare of a party or child. section 518.68, subdivision 1. Each party has the right of access to, and to receive copies of, school, medical, dental, religious training, and other important records and information about the minor children. Each party has the right of access to information regarding health or dental insurance available to the minor children. Each party shall keep the other party informed as to the name and address of the school of attendance of the minor children. Each party has the right to be informed by school officials about the children's welfare, educational progress and status, and to attend school and parent-teacher conferences. The school is not required to hold a separate conference for each party. In case of an accident or serious illness of a minor child, each party shall notify the other party of the accident or illness, and the name of the health care provider and the place of treatment. Each party has the right to reasonable access and telephone contact with the minor children. The court may waive any of the rights under this section if it finds it is necessary to protect the welfare of a party or child.

Sec. 8. Minnesota Statutes 1992, section 518.171, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] Every child support order must expressly assign or reserve the responsibility for maintaining medical insurance for the minor children and the division of uninsured medical and dental costs. Unless the obligee has comparable or better group dependent health insurance coverage available at a more reasonable cost, the court shall order the obligor to name the minor child as beneficiary on any health and dental insurance plan that is available to the obligor on a group basis or through an employer or union. "Health insurance coverage" as used in this section does not include medical assistance provided under chapter 256, 256B, or 256D.

If the court finds that dependent health or dental insurance is not available to the obligor on a group basis or through an employer or union, or that the group insurer is not accessible to the obligee, the court may require the obligor to obtain dependent health or dental insurance, or to be liable for reasonable and necessary medical or dental expenses of the child.

If the court finds that the dependent health or dental insurance required to be obtained by the obligor does not pay all the reasonable and necessary medical or dental expenses of the child, or that the dependent health or dental insurance available to the obligee does not pay all the reasonable and necessary medical or dental expenses of the child, and the court finds that the obligor has the financial ability to contribute to the payment of these medical or dental expenses, the court shall require the obligor to be liable for all or a portion of the medical or dental expenses of the child not covered by the required health or dental plan.

Sec. 9. Minnesota Statutes 1992, section 518.175, subdivision 6, is amended to read:

Subd. 6. [COMPENSATORY VISITATION.] If the court finds that ~~the noncustodial parent~~ a person has been wrongfully deprived of the duly established right to visitation, the court shall order the custodial parent to permit additional visits to compensate for the visitation of which the ~~noncustodial parent~~ person was deprived. Additional visits must be:

- (1) of the same type and duration as the wrongfully denied visit;
- (2) taken within one year after the wrongfully denied visit; and
- (3) at a time acceptable to the ~~noncustodial parent~~ person deprived of visitation.

Sec. 10. Minnesota Statutes 1992, section 518.177, is amended to read:

518.177 [NOTIFICATION REGARDING DEPRIVATION OF PARENTAL RIGHTS LAW.]

Every court order and judgment and decree concerning custody of or visitation with a minor child shall ~~restate the provisions of section 609.26~~ contain the notice set out in section 518.68, subdivision 2.

Sec. 11. Minnesota Statutes 1992, section 518.55, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF ADDRESS OR RESIDENCE CHANGE.] Every obligor shall notify the obligee and the public authority responsible for collection, if applicable, of a change of address or residence within 60 days of the address or residence change. Every order for support or maintenance must contain a conspicuous notice ~~of the requirements of this subdivision~~ complying with section 518.68, subdivision 2. The court may waive or modify the requirements of this subdivision by order if necessary to protect the obligor from contact by the obligee.

Sec. 12. Minnesota Statutes 1992, section 518.551, subdivision 12, is amended to read:

Subd. 12. [OCCUPATIONAL LICENSE SUSPENSION.] Upon petition of an obligee or public agency responsible for child support enforcement, if the court finds that the obligor is or may be licensed by a licensing board listed in section 214.01 and the obligor is in arrears in court-ordered child support or maintenance payments or both, the court may direct the licensing board to conduct a hearing under section 214.101 concerning suspension of the obligor's license. If the obligor is a licensed attorney, the court may report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

Sec. 13. Minnesota Statutes 1992, section 518.583, is amended to read:

518.583 [NOTICE OF TAX EFFECT ON CAPITAL GAIN ON SALE OF PRINCIPAL RESIDENCE.]

~~If the parties to an action for dissolution own a principal residence, the court must make express findings of fact that the parties who are represented by an attorney have been advised as to the income tax laws respecting the capital gain tax, or that parties who are not represented by an attorney have been notified that income tax laws regarding the capital gain tax may apply to the sale of the residence. This includes, but is not limited to, the exclusion available on the sale of a principal residence for those over a certain age under section 121 of the Internal Revenue Code of 1986, or other applicable law. The order must expressly provide for the use of that exclusion unless the court otherwise orders. All judgment judgments and decrees involving a principal residence must include a the following notice to the parties that income tax laws regarding the capital gain tax may apply to the sale of the residence and that the parties may wish to consult with an attorney concerning the applicable laws. as a finding of fact or as an appendix:~~

"CAPITAL GAIN ON SALE OF PRINCIPAL RESIDENCE

Income tax laws regarding the capital gain tax may apply to the sale of the parties' principal residence and the parties may wish to consult with an attorney or tax advisor concerning the applicable laws. These laws may include, but are not limited to, the exclusion available on the sale of a principal residence for those over a certain age under section 121 of the Internal Revenue Code of 1986, or other applicable law."

Sec. 14. Minnesota Statutes 1992, section 518.611, subdivision 2, is amended to read:

Subd. 2. [CONDITIONS OF INCOME WITHHOLDING.] (a) Withholding shall result whenever the obligor fails to make the maintenance or support payments, and the following conditions are met:

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

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

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

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

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

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

(c) The obligor may, at any time, waive the written notice required by this subdivision.

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

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

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

Sec. 15. Minnesota Statutes 1992, section 518.641, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] An order for maintenance or child support shall provide for a biennial adjustment in the amount to be paid based on a change in the cost of living. An order that provides for a cost-of-living adjustment shall specify the cost-of-living index to be applied and the date on which the cost-of-living adjustment shall become effective. The court may use the consumer price index for all urban consumers, Minneapolis-St. Paul (CPI-U), the consumer price index for wage earners and clerical, Minneapolis-St. Paul (CPI-W), or another cost-of-living index published by the department of labor which it specifically finds is more appropriate. Cost-of-living increases under this section shall be compounded. The court may also increase the amount by more than the cost-of-living adjustment by agreement of the parties or by making further findings. The adjustment becomes effective on the first of May of the year in which it is made, for cases in which payment is made to the public authority. For cases in which payment is not made to the public authority, application for an adjustment may be made in any month but no application for an adjustment may be made sooner than two years after the date of the

dissolution decree. A court may waive the requirement of the cost-of-living clause if it expressly finds that the obligor's occupation or income, or both, does not provide for cost-of-living adjustment or that the order for maintenance or child support has a provision such as a step increase that has the effect of a cost-of-living clause. The court may waive a cost-of-living adjustment in a maintenance order if the parties so agree in writing. The commissioner of human services may promulgate rules for child support adjustments under this section in accordance with the rulemaking provisions of chapter 14. Notice of this statute must comply with section 518.68, subdivision 2.

Sec. 16. [518.68] [REQUIRED NOTICES.]

Subdivision 1. [REQUIREMENT.] Every court order for judgment and decree that provides for child support, spousal maintenance, custody, or visitation must contain certain notices as set out in subdivision 2. The information in the notices must be concisely stated in plain language. The notices must be in clearly legible print, but may not exceed two pages. An order or judgment and decree without the notice remains subject to all statutes. The court may waive all or part of the notice required under subdivision 2 relating to parental rights under section 518.17, subdivision 3, if it finds it is necessary to protect the welfare of a party or child.

Subd. 2. [CONTENTS.] The required notices must be substantially as follows:

IMPORTANT NOTICE

1. PAYMENTS TO PUBLIC AGENCY

Pursuant to Minnesota Statutes, section 518.551, subdivision 1, payments ordered for maintenance and support must be paid to the public agency responsible for child support enforcement as long as the person entitled to receive the payments is receiving or has applied for public assistance or has applied for support and maintenance collection services. MAIL PAYMENTS TO:

2. DEPRIVING ANOTHER OF CUSTODIAL OR PARENTAL RIGHTS -- A FELONY

A person may be charged with a felony who conceals a minor child or takes, obtains, retains, or fails to return a minor child from or to the child's parent (or person with custodial or visitation rights), pursuant to Minnesota Statutes, section 609.26. A copy of that section is available from any district court clerk.

3. RULES OF SUPPORT, MAINTENANCE, VISITATION

(a) Payment of support or spousal maintenance is to be as ordered, and the giving of gifts or making purchases of food, clothing, and the like will not fulfill the obligation.

(b) Payment of support must be made as it becomes due, and failure to secure or denial of rights of visitation is NOT an excuse for nonpayment, but the aggrieved party must seek relief through a proper motion filed with the court.

(c) The payment of support or spousal maintenance takes priority over payment of debts and other obligations.

(d) A party who remarries after dissolution and accepts additional obligations of support does so with the full knowledge of the party's prior obligation under this proceeding.

(e) Child support or maintenance is based on annual income, and it is the responsibility of a person with seasonal employment to budget income so that payments are made throughout the year as ordered.

4. PARENTAL RIGHTS FROM MINNESOTA STATUTES, SECTION 518.17, SUBDIVISION 3

Unless otherwise provided by the Court:

(a) Each party has the right of access to, and to receive copies of, school, medical, dental, religious training, and other important records and information about the minor children. Each party has the right of access to information regarding health or dental insurance available to the minor children. Presentation of a copy of this order to the custodian of a record or other information about the minor children constitutes sufficient authorization for the release of the record or information to the requesting party.

(b) Each party shall keep the other informed as to the name and address of the school of attendance of the minor children. Each party has the right to be informed by school officials about the children's welfare, educational progress and status, and to attend school and parent teacher conferences. The school is not required to hold a separate conference for each party.

(c) In case of an accident or serious illness of a minor child, each party shall notify the other party of the accident or illness, and the name of the health care provider and the place of treatment.

(d) Each party has the right of reasonable access and telephone contact with the minor children.

5. WAGE AND INCOME DEDUCTION OF SUPPORT AND MAINTENANCE

Child support and/or spousal maintenance may be withheld from income, with or without notice to the person obligated to pay, when the conditions of Minnesota Statutes, sections 518.611 and 518.613, have been met. A copy of those sections is available from any district court clerk.

6. CHANGE OF ADDRESS OR RESIDENCE

Unless otherwise ordered, the person responsible to make support or maintenance payments shall notify the person entitled to receive the payment and the public authority responsible for collection, if applicable, of a change of address or residence within 60 days of the address or residence change.

7. COST OF LIVING INCREASE OF SUPPORT AND MAINTENANCE

Child support and/or spousal maintenance may be adjusted every two years based upon a change in the cost of living (using Department of Labor Consumer Price Index, unless otherwise specified in this order) when the conditions of Minnesota Statutes, section 518.641, are met. Cost of living increases are compounded. A copy of Minnesota Statutes, section 518.641, and forms necessary to request or contest a cost of living increase are available from any district court clerk.

8. JUDGMENTS FOR UNPAID SUPPORT

If a person fails to make a child support payment, the payment owed becomes a judgment against the person responsible to make the payment by operation of law on or after the date the payment is due, and the person entitled to receive the payment or the public agency may obtain entry and docketing of the judgment WITHOUT NOTICE to the person responsible to make the payment under Minnesota Statutes, section 548.091.

9. JUDGMENTS FOR UNPAID MAINTENANCE

A judgment for unpaid spousal maintenance may be entered when the conditions of Minnesota Statutes, section 548.091, are met. A copy of that section is available from any district court clerk.

10. MEDICAL INSURANCE AND EXPENSES

The person responsible to pay support and the person's employer or union are ordered to provide medical and dental insurance and pay for uncovered expenses under the conditions of Minnesota Statutes, section 518.171, unless otherwise provided in this order or the statute. A copy of this statute is available from any district court clerk.

Subd. 3. [COPIES OF LAW AND FORMS.] The district court administrator shall make available at no charge copies of sections 518.17, 518.611, 518.613, 518.641, 548.091, and 609.26, and shall provide forms to request or contest a cost-of-living increase under section 518.641.

Sec. 17. Minnesota Statutes 1992, section 518B.01, subdivision 3, is amended to read:

Subd. 3. [COURT JURISDICTION.] An application for relief under this section may be filed in the court having jurisdiction over dissolution actions in the county of residence of either party, in the county in which a pending or completed family court proceeding involving the parties or their minor children was brought, or in the county in which the alleged domestic abuse occurred. In a jurisdiction which utilizes referees in dissolution actions, the court or judge may refer actions under this section to a referee to take and report the evidence ~~therein~~ in the action in the same manner and subject to the same limitations as is provided in section 518.13. Actions under this section shall be given docket priorities by the court.

Sec. 18. Minnesota Statutes 1992, section 518B.01, subdivision 6, is amended to read:

Subd. 6. [RELIEF BY THE COURT.] (a) Upon notice and hearing, the court may provide relief as follows:

(1) restrain the abusing party from committing acts of domestic abuse;

(2) exclude the abusing party from the dwelling which the parties share or from the residence of the petitioner;

(3) award temporary custody or establish temporary visitation with regard to minor children of the parties on a basis which gives primary consideration to the safety of the victim and the children. Except for cases in which custody is contested, findings under section 257.025, 518.17, or 518.175 are not required. If the court finds that the safety of the victim or the children will be jeopardized by unsupervised or unrestricted visitation, the court shall condition or restrict visitation as to time, place, duration, or supervision, or deny visitation entirely, as needed to guard the safety of the victim and the children. The court's decision on custody and visitation shall in no way delay the issuance of an order for protection granting other reliefs provided for in this section;

(4) on the same basis as is provided in chapter 518, establish temporary support for minor children or a spouse, and order the withholding of support from the income of the person obligated to pay the support according to chapter 518;

(5) provide upon request of the petitioner counseling or other social services for the parties, if married, or if there are minor children;

(6) order the abusing party to participate in treatment or counseling services;

(7) award temporary use and possession of property and restrain one or both parties from transferring, encumbering, concealing, or disposing of property except in the usual course of business or for the necessities of life, and to account to the court for all such transfers, encumbrances, dispositions, and expenditures made after the order is served or communicated to the party restrained in open court;

(8) exclude the abusing party from the place of employment of the petitioner, or otherwise limit access to the petitioner by the abusing party at the petitioner's place of employment;

(9) order the abusing party to pay restitution to the petitioner; ~~and~~

(10) order the continuance of all currently available insurance coverage without change in coverage or beneficiary designation; and

(11) order, in its discretion, other relief as it deems necessary for the protection of a family or household member, including orders or directives to the sheriff or constable, as provided by this section.

(b) Any relief granted by the order for protection shall be for a fixed period not to exceed one year, except when the court determines a longer fixed period is appropriate.

(c) An order granting the relief authorized in paragraph (a), clause (1), may not be vacated or modified in a proceeding for dissolution of marriage or legal separation, except that the court may hear a motion for modification of an order for protection concurrently with a proceeding for dissolution of marriage upon notice of motion and motion. The notice required by court rule shall not be waived. If the proceedings are consolidated and the motion to modify is granted, a separate order for modification of an order for protection shall be issued.

(d) An order granting the relief authorized in paragraph (a), clause (2), is not voided by the admittance of the abusing party into the dwelling from which the abusing party is excluded.

(e) If a proceeding for dissolution of marriage or legal separation is pending between the parties, the court shall provide a copy of the order for protection to the court with jurisdiction over the dissolution or separation proceeding for inclusion in its file.

(f) An order for restitution issued under this subdivision is enforceable as civil judgment.

Sec. 19. Minnesota Statutes 1992, section 518B.01, subdivision 7, is amended to read:

Subd. 7. [TEMPORARY ORDER.] (a) Where an application under this section alleges an immediate and present danger of domestic abuse, the court may grant an ex parte temporary order for protection, pending a full hearing, and granting relief as the court deems proper, including an order:

- (1) restraining the abusing party from committing acts of domestic abuse;
- (2) excluding any party from the dwelling they share or from the residence of the other except by further order of the court; ~~and~~
- (3) excluding the abusing party from the place of employment of the petitioner or otherwise limiting access to the petitioner by the abusing party at the petitioner's place of employment; and
- (4) continuing all currently available insurance coverage without change in coverage or beneficiary designation.

(b) A finding by the court that there is a basis for issuing an ex parte temporary order for protection constitutes a finding that sufficient reasons exist not to require notice under applicable court rules governing applications for ex parte temporary relief.

(c) An ex parte temporary order for protection shall be effective for a fixed period not to exceed 14 days, except for good cause as provided under paragraph (d). A full hearing, as provided by this section, shall be set for not later than seven days from the issuance of the temporary order. The respondent shall be served forthwith a copy of the ex parte order along with a copy of the petition and notice of the date set for the hearing.

(d) When service is made by published notice, as provided under subdivision 5, the petitioner may apply for an extension of the period of the ex parte order at the same time the petitioner files the affidavit required under that subdivision. The court may extend the ex parte temporary order for an additional period not to exceed 14 days. The respondent shall be served forthwith a copy of the modified ex parte order along with a copy of the notice of the new date set for the hearing.

Sec. 20. Minnesota Statutes 1992, section 518B.01, subdivision 9, is amended to read:

Subd. 9. [ASSISTANCE OF SHERIFF IN SERVICE OR EXECUTION.] When an order is issued under this section upon request of the petitioner, the court shall order the sheriff or constable to accompany the petitioner and assist in placing the petitioner in possession of the dwelling or residence, or otherwise assist in execution or service of the order of protection. If the application for relief is brought in a county in which the respondent is not present, the sheriff shall forward the pleadings necessary for service upon the respondent to the sheriff of the county in which the respondent is present. This transmittal must be expedited to allow for timely service.

Sec. 21. [REPEALER.]

Minnesota Statutes 1992, section 518.55, subdivisions 2 and 2a, are repealed.

Sec. 22. [EFFECTIVE DATE; APPLICATION.]

Section 5 is effective January 1, 1994, and applies to actions commenced on or after that date."

Delete the title and insert:

"A bill for an act relating to the family; providing for suspension of a license for unpaid maintenance; clarifying certain language; modifying provisions for establishment of third-party visitation rights; modifying time period for bringing certain paternity actions; permitting delinquent maintenance payments to be withheld from tax refunds; changing notices required in certain court orders; requiring certain terms in child support orders; providing for third-party compensatory visitation; providing for jurisdiction of certain domestic abuse actions; providing for pleadings to be forwarded; authorizing additional relief; amending Minnesota Statutes 1992, sections 214.101, subdivisions 1 and 4; 257.022, by adding subdivisions; 257.57, subdivision 1; 289A.50, subdivision 5; 518.17, subdivision 3; 518.171, subdivision 1; 518.175, subdivision 6; 518.177; 518.55, subdivision 3; 518.551, subdivision 12; 518.583; 518.611, subdivision 2; 518.641, subdivision 1; and 518B.01, subdivisions 3, 6, 7, and 9; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1992, section 518.55, subdivisions 2 and 2a."

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

House Conferees: PHIL CARRUTHERS, THOMAS PUGH AND BILL MACKLIN.

Senate Conferees: DON BETZOLD, EMBER D. REICHGOTT AND MARTHA R. ROBERTSON.

Carruthers moved that the report of the Conference Committee on H. F. No. 129 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 129, A bill for an act relating to marriage dissolution; maintenance; applying child support enforcement actions to actions to enforce maintenance; expanding notice of rights of parties in dissolution or separation proceeding; requiring child support order to assign responsibility for child's medical coverage; clarifying visitation rights; requiring dissolution judgment or decree to provide notice about principal residence; amending Minnesota Statutes 1992, sections 214.101, subdivisions 1 and 4; 518.17, subdivision 3; 518.171, subdivision 1; 518.175, subdivision 6; 518.177; 518.55; 518.551, subdivision 12; 518.583; 518.611, subdivision 2; and 518.641, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 518.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Bishop was excused while in conference.

SPECIAL ORDERS

S. F. No. 1062 was reported to the House.

Carruthers, Pauly and Anderson, I., moved to amend S. F. No. 1062, as follows:

Page 4, line 36, delete "\$200,000" and insert "\$100,000"

The motion prevailed and the amendment was adopted.

S. F. No. 1062, A bill for an act relating to metropolitan government and urban planning; establishing a metropolitan radio systems planning committee under the metropolitan council.

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 84 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Holsten	Klinzing	McGuire	Rest	Trimble
Anderson, I.	Dehler	Huntley	Krickerbocker	Murphy	Rhodes	Tunheim
Anderson, R.	Dorn	Jacobs	Koppendrayner	Neary	Rodosovich	Van Dellen
Battaglia	Erhardt	Jaros	Krueger	Olson, E.	Rukavina	Vellenga
Bauerly	Evans	Jefferson	Lasley	Olson, K.	Seagren	Wagenius
Bertram	Farrell	Jennings	Leppik	Opatz	Sekhon	Weaver
Blatz	Garcia	Johnson, A.	Lieder	Orenstein	Simoneau	Wejzman
Brown, C.	Girard	Johnson, V.	Limmer	Orfield	Stanisus	Welle
Brown, K.	Greenfield	Kahn	Lourey	Ostrom	Sviggum	Wenzel
Carlson	Greiling	Kalis	Lynch	Pelowski	Swenson	Worke
Clark	Gutknecht	Kelley	Mahon	Peterson	Tomassoni	Workman
Cooper	Hausman	Kinkel	Mariani	Reding	Tompkins	Spk. Long

Those who voted in the negative were:

Asch	Davids	Haukoos	Macklin	Ness	Perlt	Vickerman
Beard	Delmont	Hugoson	McCollum	Olson, M.	Pugh	Waltman
Bergson	Dempsey	Johnson, R.	Milbert	Onnen	Sarna	Winter
Bettermann	Frerichs	Kelso	Molnau	Osthoff	Skoglund	Wolf
Carruthers	Goodno	Krinkie	Morrison	Ozment	Smith	
Commers	Gruenes	Lindner	Mosel	Pauly	Solberg	
Dauner	Hasskamp	Luther	Nelson	Pawlenty	Steensma	

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

S. F. No. 663 was reported to the House.

Wejzman moved that S. F. No. 663 be continued on Special Orders. The motion prevailed.

S. F. No. 1054 was reported to the House.

Mahon moved to amend S. F. No. 1054, as follows:

Delete section 1

Page 8, after line 25, insert:

"Sec. 14. Minnesota Statutes 1992, section 254A.035, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP TERMS, COMPENSATION, REMOVAL AND EXPIRATION.] The membership of this council shall be composed of 17 persons who are American Indians and who are appointed by the commissioner. The commissioner shall appoint one representative from each of the following groups: Red Lake Band of Chippewa Indians; Fond du Lac Band, Minnesota Chippewa Tribe; Grand Portage Band, Minnesota Chippewa Tribe; Leech Lake Band, Minnesota Chippewa Tribe; Mille Lacs Band, Minnesota Chippewa Tribe; Bois Forte Band, Minnesota Chippewa Tribe; White Earth Band, Minnesota Chippewa Tribe; Lower Sioux Indian Reservation; Prairie Island Sioux Indian Reservation; Shakopee Mdewakanton Sioux Indian Reservation; Upper Sioux Indian Reservation; International Falls Northern Range; Duluth Urban Indian Community; and two representatives from the Minneapolis Urban Indian Community and two from the St. Paul Urban Indian Community. The terms, compensation, and removal of American Indian advisory council members ~~and expiration of the council~~ shall be as provided in section 15.059. The council expires June 30, 1997.

Sec. 15. Minnesota Statutes 1992, section 254A.04, is amended to read:

254A.04 [CITIZENS ADVISORY COUNCIL.]

There is hereby created an alcohol and other drug abuse advisory council to advise the department of human services concerning the problems of alcohol and other drug dependency and abuse, composed of ten members. Five members shall be individuals whose interests or training are in the field of alcohol dependency and abuse; and five members whose interests or training are in the field of dependency and abuse of drugs other than alcohol. ~~The council shall expire and the terms, compensation and removal of members shall be as provided in section 15.059. The council expires June 30, 1997.~~ The commissioner of human services shall appoint members whose terms end in even-numbered years. The commissioner of health shall appoint members whose terms end in odd-numbered years."

Page 12, line 11, delete "175.008"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Garcia, Wejman, Mahon, Kahn, Swenson and Haukoos moved to amend S. F. No. 1054, as amended, as follows:

Page 2, line 13, after the period, insert "An advisory council or committee whose expiration is not governed by this section does not terminate June 30, 1993, unless specified by other law."

The motion prevailed and the amendment was adopted.

Greenfield moved to amend S. F. No. 1054, as amended, as follows:

Page 12, line 12, delete "256B.0629."

Page 12, line 13, delete "subdivisions 1, 2, and 3;"

Amend the title as follows:

Page 1, line 21, delete everything after the semicolon

The motion prevailed and the amendment was adopted.

Trimble moved to amend S. F. No. 1054, as amended, as follows:

Page 6, after line 20, insert:

"Sec. 12. Minnesota Statutes 1992, section 161.1419, subdivision 8, is amended to read:

Subd. 8. [EXPIRATION.] The commission shall expire on ~~the date provided by section 15.059, subdivision 5~~ June 30, 1997."

Renumber the remaining sections in sequence

Page 12, line 17, before "This" insert "Section 12 is effective the day following final enactment. The remainder of"

Amend the title as follows:

Page 1, line 10, after the first semicolon insert "161.1419, subdivision 8;"

The motion prevailed and the amendment was adopted.

S. F. No. 1054, A bill for an act relating to state departments and agencies; providing for reports on advisory task forces committees and councils; providing for their expirations; eliminating certain advisory bodies; amending Minnesota Statutes 1992, sections 6.65; 15.059, subdivision 5; 16B.39, subdivision 1a; 41A.02, subdivision 1; 41A.04, subdivisions 2 and 4; 116J.975; 125.188, subdivision 3; 125.1885, subdivision 3; 129D.16; 148.235, subdivision 2; 246.017, subdivision 2; 246.56, subdivision 2; 256B.0629, subdivision 4; and 256B.433, subdivision 1; 299F.093, subdivision 1; repealing Minnesota Statutes 1992, sections 41.54; 41A.07; 43A.31, subdivision 4; 82.30, subdivision 1; 84.524, subdivisions 1 and 2; 85A.02, subdivision 4; 86A.10, subdivision 1; 116J.645; 116J.984, subdivision 11; 116N.05; 120.064, subdivision 6; 121.87; 145.93, subdivision 2; 148B.20, subdivision 2; 152.02, subdivision 11; 175.008; 184.23; 206.57, subdivision 3; 245.476, subdivision 4; 245.4885, subdivision 4; 256.9745; 256B.0629, subdivisions 1, 2, and 3; 256B.433, subdivision 4; 257.072, subdivision 6; 299F.092, subdivision 9; 299F.097; and 626.5592.

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

Those who voted in the negative were:

Sekhon

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

S. F. No. 376, A bill for an act relating to the state board of investment; management of funds under board control; amending Minnesota Statutes 1992, sections 11A.08, subdivision 4; 11A.14, subdivisions 1, 2, 4, and 5; 11A.24, subdivisions 1 and 4; 69.77, subdivision 2g; 69.775; 116P.11; 352.96, subdivision 3; 356.24, subdivision 1; and 424A.06, 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 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Blatz	Clark	Dawkins	Erhardt	Girard
Anderson, I.	Beard	Brown, C.	Commers	Dehier	Evans	Goodno
Anderson, R.	Bergson	Brown, K.	Cooper	Delmont	Farrell	Greenfield
Asch	Bertram	Carlson	Dauner	Dempsey	Frerichs	Greiling
Battaglia	Bettermann	Carruthers	Davids	Dorn	Garcia	Gruenes

Gutknecht	Kalis	Lourey	Neary	Pawlenty	Simoneau	Vickerman
Hasskamp	Kelley	Luther	Nelson	Pelowski	Skoglund	Wagenius
Haukoos	Kelso	Lynch	Ness	Perlt	Smith	Waltman
Hausman	Kinkel	Macklin	Olson, E.	Peterson	Solberg	Weaver
Holsten	Klinzing	Mahon	Olson, K.	Pugh	Stanius	Wejzman
Hugoson	Krickerbocker	Mariani	Olson, M.	Reding	Steensma	Welle
Huntley	Koppendrayner	McCollum	Onnen	Rest	Sviggum	Wenzel
Jacobs	Krinkie	McGuire	Opatz	Rhodes	Swenson	Winter
Jaros	Krueger	Milbert	Orenstein	Rice	Tomassoni	Wolf
Jennings	Lasley	Molnau	Orfield	Rodosovich	Tompkins	Worke
Johnson, A.	Leppik	Morrison	Osthoff	Rukavina	Trimble	Workman
Johnson, R.	Lieder	Mosel	Ostrom	Sarna	Turheim	Spk. Long
Johnson, V.	Limmer	Munger	Ozment	Seagren	Van Dellen	
Kahn	Lindner	Murphy	Pauly	Sekhon	Vellenga	

Those who voted in the negative were:

Jefferson

The bill was passed and its title agreed to.

S. F. No. 1077 was reported to the House.

Asch moved to amend S. F. No. 1077, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 245A.02, subdivision 6a, is amended to read:

Subd. 6a. [DROP-IN CHILD CARE PROGRAM.] "Drop-in child care program" means a nonresidential program of child care in which children participate on a one-time only or occasional basis up to a maximum of 45 ~~90~~ hours per child, per month. A drop-in child care program must be licensed under Minnesota Rules governing child care centers. A drop-in child care program must meet one of the following requirements to qualify for the rule exemptions specified in section 245A.14, subdivision 6:

(1) the drop-in child care program operates in a child care center which houses no child care program except the drop-in child care program;

(2) the drop-in child care program operates in the same child care center but not during the same hours as a regularly scheduled ongoing child care program with a stable enrollment; or

(3) the drop-in child care program operates in a child care center at the same time as a regularly scheduled ongoing child care program with a stable enrollment but the program's activities, except for bathroom use and outdoor play, are conducted separately from each other.

Sec. 2. Minnesota Statutes 1992, section 245A.02, subdivision 14, is amended to read:

Subd. 14. [RESIDENTIAL PROGRAM.] "Residential program" means a program that provides 24-hour-a-day care, supervision, food, lodging, rehabilitation, training, education, habilitation, or treatment outside a person's own home, including a nursing home or hospital that receives public funds, administered by the commissioner, to provide services for five or more persons whose primary diagnosis is mental retardation or a related condition or mental illness and who do not have a significant physical or medical problem that necessitates nursing home care; a program in an intermediate care facility for four or more persons with mental retardation or a related condition; a nursing home or hospital that was licensed by the commissioner on July 1, 1987, to provide a program for persons with a physical handicap that is not the result of the normal aging process and considered to be a chronic condition; and chemical dependency or chemical abuse programs that are located in a hospital or nursing home and receive public funds for providing chemical abuse or chemical dependency treatment services under chapter 254B. Residential programs include home and community-based services and semi-independent living services for persons with mental retardation or a related condition that are provided in or outside of a person's own home.

Sec. 3. Minnesota Statutes 1992, section 245A.03, subdivision 2, is amended to read:

Subd. 2. [EXCLUSION FROM LICENSURE.] Sections 245A.01 to 245A.16 do not apply to:

- (1) residential or nonresidential programs that are provided to a person by an individual who is related, except as provided in subdivision 2a;
- (2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;
- (3) residential or nonresidential programs that are provided to adults who do not abuse chemicals or who do not have a chemical dependency, a mental illness, mental retardation or a related condition, a functional impairment, or a physical handicap;
- (4) sheltered workshops or work activity programs that are certified by the commissioner of jobs and training;
- (5) programs for children enrolled in kindergarten to the 12th grade and prekindergarten special education in a school as defined in section 120.101, subdivision 4, and programs serving children in combined special education and regular prekindergarten programs that are operated or assisted by the commissioner of education;
- (6) nonresidential programs primarily for children that provide care or supervision, without charge for ten or fewer days a year, and for periods of less than three hours a day while the child's parent or legal guardian is in the same building as the nonresidential program or present ~~on property~~ within another building that is directly contiguous with the physical facility where to the building in which the nonresidential program is ~~provided~~ located;
- (7) nursing homes or hospitals licensed by the commissioner of health except as specified under section 245A.02;
- (8) board and lodge facilities licensed by the commissioner of health that provide services for five or more persons whose primary diagnosis is mental illness who have refused an appropriate residential program offered by a county agency. This exclusion expires on July 1, 1990;
- (9) homes providing programs for persons placed there by a licensed agency for legal adoption, unless the adoption is not completed within two years;
- (10) programs licensed by the commissioner of corrections;
- (11) recreation programs for children or adults that operate for fewer than 40 calendar days in a calendar year;
- (12) programs whose primary purpose is to provide, for adults or school-age children, including children who will be eligible to enter kindergarten within not more than four months, social and recreational activities, such as scouting, boys clubs, girls clubs, sports, or the arts; except that a program operating in a school building is not excluded unless it is approved by the district's school board;
- (13) head start nonresidential programs which operate for less than 31 days in each calendar year;
- (14) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or mental retardation;
- (15) nonresidential programs for nonhandicapped children provided for a cumulative total of less than 30 days in any 12-month period;
- (16) residential programs for persons with mental illness, that are located in hospitals, until the commissioner adopts appropriate rules;
- (17) the religious instruction of school-age children; Sabbath or Sunday schools; or the congregate care of children by a church, congregation, or religious society during the period used by the church, congregation, or religious society for its regular worship;
- (18) camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;
- (19) mental health outpatient services for adults with mental illness or children with emotional disturbance;

(20) residential programs serving school-age children whose sole purpose is cultural or educational exchange, until the commissioner adopts appropriate rules;

(21) unrelated individuals who provide out-of-home respite care services to persons with mental retardation or related conditions from a single related family for no more than 30 days in a 12-month period and the respite care services are for the temporary relief of the person's family or legal representative;

(22) respite care services provided as a home- and community-based service to a person with mental retardation or a related condition, in the person's primary residence; or

(23) community support services programs as defined in section 245.462, subdivision 6, and family community support services as defined in section 245.4871, subdivision 17.

For purposes of clause (6), a building is directly contiguous to a building in which a nonresidential program is located if it shares a common wall with the building in which the nonresidential program is located or is attached to that building by skyway, tunnel, atrium, or common roof.

Sec. 4. Minnesota Statutes 1992, section 245A.03, is amended by adding a subdivision to read:

Subd. 2a. [LICENSING OF AN INDIVIDUAL RELATED TO A QUALIFYING CHILD.] Notwithstanding subdivision 2, clause (1), the commissioner may license an individual who is related to a qualifying child, as defined in title IV-E of the Social Security Act, to provide foster care for that qualifying child. The commissioner may issue such a license retroactive to the date the qualifying child was placed in the applicant's home, so long as no more than 90 days have elapsed since the placement. If more than 90 days have elapsed since the placement, the commissioner may issue the license retroactive 90 days.

Sec. 5. Minnesota Statutes 1992, section 245A.04, subdivision 3, is amended to read:

Subd. 3. [STUDY OF THE APPLICANT.] (a) Before the commissioner issues a license, the commissioner shall conduct a study of the individuals specified in clauses (1) to (4) according to rules of the commissioner. The applicant, license holder, the bureau of criminal apprehension, and county agencies, after written notice to the individual who is the subject of the study, shall help with the study by giving the commissioner criminal conviction data and reports about abuse or neglect of adults in licensed programs substantiated under section 626.557 and the maltreatment of minors in licensed programs substantiated under section 626.556. The individuals to be studied shall include:

- (1) the applicant;
- (2) persons over the age of 13 living in the household where the licensed program will be provided;
- (3) current employees or contractors of the applicant who will have direct contact with persons served by the program; and
- (4) volunteers who have direct contact with persons served by the program to provide program services, if the contact is not directly supervised by the individuals listed in clause (1) or (3).

The juvenile courts shall also help with the study by giving the commissioner existing juvenile court records on individuals described in clause (2) relating to delinquency proceedings held within either the five years immediately preceding the application or the five years immediately preceding the individual's 18th birthday, whichever time period is longer. The commissioner shall destroy juvenile records obtained pursuant to this subdivision when the subject of the records reaches age 23.

For purposes of this subdivision, "direct contact" means providing face-to-face care, training, supervision, counseling, consultation, or medication assistance to persons served by a program. For purposes of this subdivision, "directly supervised" means an individual listed in clause (1) or (3) is within sight or hearing of a volunteer to the extent that the individual listed in clause (1) or (3) is capable at all times of intervening to protect the health and safety of the persons served by the program who have direct contact with the volunteer.

A study of an individual in clauses (1) to (4) shall be conducted ~~on~~ at least ~~an annual basis~~ upon application for initial license and reapplication for a license. No applicant, license holder, or individual who is the subject of the study shall pay any fees required to conduct the study.

(b) The individual who is the subject of the study must provide the applicant or license holder with sufficient information to ensure an accurate study including the individual's first, middle, and last name; home address, city, county, and state of residence; zip code; sex; date of birth; and driver's license number. The applicant or license holder shall provide this information about an individual in paragraph (a), clauses (1) to (4), on forms prescribed by the commissioner. The commissioner may request additional information of the individual, which shall be optional for the individual to provide, such as the individual's social security number or race.

(c) Except for child foster care, adult foster care, and family day care homes, a study must include information from the county agency's record of substantiated abuse or neglect of adults in licensed programs, and the maltreatment of minors in licensed programs, information from juvenile courts as required in paragraph (a) for persons listed in paragraph (a), clause (2), and information from the bureau of criminal apprehension. For child foster care, adult foster care, and family day care homes, the study must include information from the county agency's record of substantiated abuse or neglect of adults, and the maltreatment of minors, information from juvenile courts as required in paragraph (a) for persons listed in paragraph (a), clause (2), and information from the bureau of criminal apprehension. The commissioner may also review arrest and investigative information from the bureau of criminal apprehension, a county attorney, county sheriff, county agency, local chief of police, other states, the courts, or a national criminal record repository if the commissioner has reasonable cause to believe the information is pertinent to the disqualification of an individual listed in paragraph (a), clauses (1) to (4).

(d) An applicant's or license holder's failure or refusal to cooperate with the commissioner is reasonable cause to deny an application or immediately suspend, suspend, or revoke a license. Failure or refusal of an individual to cooperate with the study is just cause for denying or terminating employment of the individual if the individual's failure or refusal to cooperate could cause the applicant's application to be denied or the license holder's license to be immediately suspended, suspended, or revoked.

(e) The commissioner shall not consider an application to be complete until all of the information required to be provided under this subdivision has been received.

(f) No person in paragraph (a), clause (1), (2), (3), or (4) who is disqualified as a result of this section may be retained by the agency in a position involving direct contact with persons served by the program.

(g) Termination of persons in paragraph (a), clause (1), (2), (3), or (4) made in good faith reliance on a notice of disqualification provided by the commissioner shall not subject the applicant or license holder to civil liability.

(h) The commissioner may establish records to fulfill the requirements of this section. The information contained in the records is only available to the commissioner for the purpose authorized in this section.

(i) The commissioner may not disqualify an individual subject to a study under this section because that person has, or has had, a mental illness as defined in section 245.462, subdivision 20.

Sec. 6. Minnesota Statutes 1992, section 245A.06, subdivision 2, is amended to read:

Subd. 2. [RECONSIDERATION OF CORRECTION ORDERS.] If the applicant or license holder believes that the contents of the commissioner's correction order are in error, the applicant or license holder may ask the department of human services to reconsider the parts of the correction order that are alleged to be in error. The request for reconsideration must be in writing, delivered by certified mail, and:

- (1) specify the parts of the correction order that are alleged to be in error;
- (2) explain why they are in error; and
- (3) include documentation to support the allegation of error.

A request for reconsideration does not stay any provisions or requirements of the correction order. ~~The commissioner shall respond to requests made under this subdivision within 15 working days after receipt of the request for reconsideration.~~ The commissioner's disposition of a request for reconsideration is final and not subject to appeal under chapter 14.

Sec. 7. Minnesota Statutes 1992, section 245A.09, subdivision 7, is amended to read:

Subd. 7. [REGULATORY METHODS.] (a) Where appropriate and feasible the commissioner shall identify and implement alternative methods of regulation and enforcement to the extent authorized in this subdivision. These methods shall include:

- (1) expansion of the types and categories of licenses that may be granted;
- (2) when the standards of an independent accreditation body have been shown to predict compliance with the rules, the commissioner shall consider compliance with the accreditation standards to be equivalent to partial compliance with the rules; and
- (3) use of an abbreviated inspection that employs key standards that have been shown to predict full compliance with the rules.

For programs and services for people with developmental disabilities, the commissioner of human services shall develop demonstration projects to use the standards of the commission on accreditation of rehabilitation facilities and the standards of the accreditation council on services to persons with disabilities during the period of July 1, 1993 to December 31, 1994, and incorporate the alternative use of these standards and methods in licensing rules where appropriate. If the commissioner determines that the methods in clause (2) or (3) can be used in licensing a program, the commissioner may reduce any fee set under section 245A.10 by up to 50 percent. The commissioner shall present a plan by January 31, 1995, to accept accreditation by either the accreditation council on services to people with disabilities or the commission on the accreditation of rehabilitation services as evidence of being in compliance where applicable with state licensing.

(b) The commissioner shall work with the commissioners of health, public safety, administration, and education in consolidating duplicative licensing and certification rules and standards if the commissioner determines that consolidation is administratively feasible, would significantly reduce the cost of licensing, and would not reduce the protection given to persons receiving services in licensed programs. Where administratively feasible and appropriate, the commissioner shall work with the commissioners of health, public safety, administration, and education in conducting joint agency inspections of programs.

(c) The commissioner shall work with the commissioners of health, public safety, administration, and education in establishing a single point of application for applicants who are required to obtain concurrent licensure from more than one of the commissioners listed in this clause.

(d) The commissioner may specify in rule periods of licensure up to two years.

Sec. 8. Minnesota Statutes 1992, section 245A.14, subdivision 6, is amended to read:

Subd. 6. [DROP-IN CHILD CARE PROGRAMS.] (a) Except as expressly set forth in this subdivision, drop-in child care programs must be licensed as a drop-in program under the rules governing child care programs operated in a center.

(b) Drop-in child care programs are exempt from the ~~requirements in~~ following Minnesota Rules ~~parts~~:

- (1) part 9503.0040;
- (2) part 9503.0045, subpart 1, items F and G;
- (3) part 9503.0050, subpart 6, except for children less than ~~2-1/2 years~~ 16 months old;
- (4) one-half the requirements of part 9503.0060, subpart 4, item A, subitems (2), (5), and (8), subpart 5, item A, subitems (2), (3), and (7), and subpart 6, item A, subitems (3) and (6);
- (5) part 9503.0070; and
- (6) part 9503.0090, subpart 2.

(c) A drop-in child care program must be operated under the supervision of a person qualified as a director and a teacher.

(d) A drop-in child care program must have at least two persons on staff whenever the program is operating, except that the commissioner may permit variances from this requirement under specified circumstances for parent cooperative programs, as long as all other staff-to-child ratios are met.

(e) Whenever the total number of children present to be cared for at a center is more than 20, children that are younger than age 2-1/2 must be in a separate group. This group may contain children up to 60 months old. This group must be cared for in an area that is physically separated from older children.

(f) A drop-in child care program must maintain a minimum staff ratio for children age 2-1/2 16 months or greater of one staff person for each ten children.

(g) If the program has additional staff who are on call as a mandatory condition of their employment, the minimum child-to-staff ratio may be exceeded only for children age 2-1/2 16 months or greater, by a maximum of four children, for no more than 20 minutes while additional staff are in transit.

(h) The minimum staff-to-child ratio for infants up to 16 months of age is one staff person for every four infants. ~~The minimum staff to child ratio for children age 17 months to 30 months is one staff for every seven children.~~

(i) In drop-in care programs that serve both infants and older children, children up to age 2-1/2 may be supervised by assistant teachers, as long as other staff are present in appropriate ratios.

(j) The minimum staff distribution pattern for a drop-in child care program serving children age 2-1/2 or greater is: the first staff member must be a teacher; the second, third, and fourth staff members must have at least the qualifications of a child care aide; the fifth staff member must have at least the qualifications of an assistant teacher; the sixth, seventh, and eighth staff members must have at least the qualifications of a child care aide; and the ninth staff person must have at least the qualifications of an assistant teacher. ~~The commissioner by rule may require that a drop-in child care program serving children less than 2-1/2 years of age serve these children in an area separated from older children and may permit children age 2-1/2 and older to be cared for in the same child care group~~

(k) A drop-in child care program may care for siblings 16 months or older together in any group. For purposes of this subdivision, sibling is defined as sister or brother, half-sister or half-brother, or stepsister or stepbrother.

Sec. 9. Minnesota Statutes 1992, section 245A.16, subdivision 6, is amended to read:

Subd. 6. [CERTIFICATION BY THE COMMISSIONER.] The commissioner shall ensure that rules are uniformly enforced throughout the state by reviewing each county and private agency for compliance with this section and other applicable laws and rules at least ~~biennially~~ every four years. County agencies that comply with this section shall be certified by the commissioner. If a county agency fails to be certified by the commissioner, the commissioner shall certify a reduction of up to 20 percent of the county's community social services act funding or an equivalent amount from state administrative aids.

Sec. 10. [VULNERABLE ADULTS STUDY.]

The commissioners of health and human services shall establish an advisory committee including consumers and their advocates, providers, county officials, and state officials to make recommendations on the means of preventing maltreatment of vulnerable adults and for the provisions of protective services to vulnerable adults. In making recommendations, the advisory committee shall review all services and protections available under existing state and federal laws with the focus on eliminating duplication of effort among various local, state, and federal agencies and minimizing possible conflicts of interest by establishing a statewide process of coordination of responsibilities. A report with recommendations for state law changes and changes to Minnesota Rules, parts 9555.8000 to 9555.8500, shall be made to the governor and legislature not later than February 1, 1994."

Delete the title and insert:

"A bill for an act relating to human services; regulating child care programs; providing for a vulnerable adult study; amending Minnesota Statutes 1992, sections 245A.02, subdivisions 6a and 14; 245A.03, subdivision 2, and by adding a subdivision; 245A.04, subdivision 3; 245A.06, subdivision 2; 245A.09, subdivision 7; 245A.14, subdivision 6; and 245A.16, subdivision 6."

The motion prevailed and the amendment was adopted.

Asch moved to amend S. F. No. 1077, as amended, as follows:

Page 10, line 31, restore the stricken language and delete the new language

Page 11, line 14, restore the stricken language and delete the new language

Page 11, line 18, restore the stricken language

Page 11, line 19, delete the new language

Page 11, lines 22 to 24, restore the stricken language

Page 12, after line 21, insert:

"Sec. 10. [INTERPRETIVE MEMORANDA STUDY.]

(a) The commissioner of human services shall study and report on the cost, feasibility, and means of implementing the publication and dissemination of written memoranda that provide interpretation, details, or supplementary information concerning the application of law or rules administered by the licensing division of the department of human services.

In preparing the report, the commissioner shall consult with the legislative commission to review administrative rules, legal advocates, consumer groups, providers of service, and county social service agencies.

The commissioner shall report the results of the study including the results of the pilot project authorized in paragraph (b) to the legislature by February 1, 1995.

(b) The commissioner of human services shall conduct a pilot project in conjunction with the study required by paragraph (a).

The purpose of the project is to allow the licensing division of the department of human services to gain the experience and information necessary to do this study and report by publishing and disseminating these memoranda concerning the application of the following rules governing developmental disabilities and child care center regulation: Minnesota Rules, parts 9503.0005 to 9503.0175; 9525.0500 to 9525.0660; 9525.0215 to 9525.0355; 9525.1500 to 9525.1690; and 9525.2000 to 9525.2140.

The commissioner is exempt from the rulemaking provisions of Minnesota Statutes, chapter 14, in issuing these memoranda. The statements do not have the force and effect of law and have no precedential effect, but they may be relied on until modified or revoked."

Page 13, after line 1, insert:

"Sec. 11. [EFFECTIVE DATE.]

Section 4 is effective the day immediately following final enactment."

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1077, A bill for an act relating to human services; regulating child care programs; requiring an interpretive memoranda study; providing for a vulnerable adult study; amending Minnesota Statutes 1992, sections 245A.02, subdivisions 6a and 14; 245A.03, subdivision 2; 245A.04, subdivision 3; 245A.06, subdivision 2; 245A.09, subdivision 7; 245A.14, subdivision 6; and 245A.16, subdivision 6.

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

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

S. F. No. 1114 was reported to the House.

Pugh moved to amend S. F. No. 1114, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 80C.17, subdivision 1, is amended to read:

Subdivision 1. A person who violates any provision of ~~sections 80C.01 to 80C.13 and 80C.16 to 80C.22~~ this chapter or any rule or order thereunder shall be liable to the franchisee or subfranchisor who may sue for damages caused thereby, for rescission, or other relief as the court may deem appropriate.

Sec. 2. Minnesota Statutes 1992, section 80C.17, subdivision 5, is amended to read:

Subd. 5. No action may be commenced pursuant to this section more than three years after the ~~franchisee pays the first franchise fee~~ cause of action accrues.

Sec. 3. Minnesota Statutes 1992, section 80C.22, subdivision 7, is amended to read:

Subd. 7. Orders of the commissioner shall be served by mailing a copy thereof by ~~certified~~ mail to the most recent address of the recipient of the order as it appears in the files of the commissioner. Subpoenas shall be served in the same manner as provided in civil actions in the district courts.

Sec. 4. [325F.975] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purpose of sections 325F.976 and 325F.977, the terms defined in this section have the meanings given them.

Subd. 2. [PRIVATE LABEL GOODS.] "Private label goods" means goods that are the subject of a private label purchase or agreement for private label purchase.

Subd. 3. [PRIVATE LABEL PURCHASE.] "Private label purchase" means a purchase of goods from a manufacturer for resale under a brand, trademark, or other commercial indicia that identifies the private label purchaser or its assignee as the origin of the goods for purposes of their resale.

Subd. 4. [PRIVATE LABEL PURCHASER.] "Private label purchaser" means a person who makes a private label purchase from a manufacturer.

Subd. 5. [EXCLUSIVITY AGREEMENT.] "Exclusivity agreement" means an agreement for private label purchases which precludes the manufacturer of the private label goods from selling similar goods as private label goods to any third person within a defined geographical territory.

Sec. 5. [325F.976] [EXCLUSIVITY AGREEMENTS.]

Subdivision 1. [WRITING REQUIRED.] Every exclusivity agreement must be in writing and signed by the party against whom the agreement is sought to be enforced.

Subd. 2. [OBLIGATION.] A lawful exclusivity agreement imposes, unless otherwise provided in the agreement, an obligation by the private label purchaser to use reasonable efforts in the development and promotion of the sale of the private label goods within the geographical territory covered by that exclusivity agreement.

Sec. 6. [325F.977] [LIMITATION ON ACTIONS.]

No private label purchaser having the obligation, under section 325F.976 or otherwise, to use reasonable efforts in the development and promotion of the sale of private label goods is entitled, absent the employment of reasonable efforts, to maintain an action, suit, or proceeding at law, in equity, in arbitration, or otherwise, to prevent the manufacturer of private label goods from selling similar goods as private label goods to any third person. This attempt to prevent sales of private label goods by the manufacturer to a third person, in the absence of the purchaser's employment of reasonable efforts, is considered an unreasonable restraint of trade.

Sec. 7. [325F.978] [NONAPPLICATION.]

Sections 325F.975 to 325F.977 do not apply to private label goods manufactured according to the purchaser's proprietary specifications.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 and 2 apply to all franchise contracts or franchise transfer agreements entered into or renewed on or after the effective date, and apply as of July 1, 1993, to franchise contracts in effect on the effective date that have no expiration date.

Sections 4 to 7 apply to all agreements for private label purchases entered into or renewed on or after July 1, 1993, and to all private label purchases occurring on or after that date."

Delete the title and insert:

"A bill for an act relating to commerce; regulating franchise actions; regulating sales of private label goods; amending Minnesota Statutes 1992, sections 80C.17, subdivisions 1 and 5; and 80C.22, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 325F."

The motion prevailed and the amendment was adopted.

Pugh moved to amend S. F. No. 1114, as amended, as follows:

Page 3, line 10, after the period, insert "Sections 325.976 and 325.977 shall not be construed to grant a private label manufacturer any rights of ownership or use of a brand, trademark or commercial indicia that is owned by another person including a private label purchaser or its assignee."

The motion prevailed and the amendment was adopted.

S. F. No. 1114, as amended, was read for the third time.

Pugh moved that S. F. No. 1114, as amended, be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 1418, A bill for an act relating to state government; public employment; establishing a pilot project in certain entities; permitting the waiver of rules governing the classified and unclassified service of the state by joint committees; requiring the commissioner of employee relations to conduct experimental or research projects to improve human resource management practices.

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

The bill was passed and its title agreed to.

S. F. No. 748, A bill for an act relating to human services; clarifying day training and habilitation transportation exemptions; clarifying that counties may contract with hospitals to provide outpatient mental health services; clarifying the definition of crisis assistance; increasing the allowable duration of unlicensed, single-family respite care; clarifying the definition of related condition and application procedures for family support grants; correcting references to case management and hospital appeals; clarifying eligibility for case management services; clarifying nursing facility rate adjustments; clarifying the calculation and allowing 12-month plans for special needs exceptions; clarifying requirements for health care provider participation; clarifying voluntary spend-down procedures; amending Minnesota Statutes 1992, sections 174.30, subdivision 1; 245.470, subdivision 1; 245.4871, subdivision 9a; 245.4876, subdivision 2; 245.488, subdivision 1; 245A.03, subdivision 2; 252.27, subdivisions 1 and 1a; 252.32, subdivision 1a; 256.045, subdivision 4a; 256.9686, subdivision 6; 256.9695, subdivisions 1 and 3; 256B.056, subdivision 5; 256B.0644; 256B.092, subdivisions 1, 1b, 1g, 7, and 8a; 256B.431, subdivision 10; 256B.48, subdivision 3a; 256B.501, subdivision 8; and 609.115, subdivision 9; repealing Minnesota Statutes 1992, section 256B.0629.

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

The bill was passed and its title agreed to.

S. F. No. 1368 was reported to the House.

Munger moved to amend S. F. No. 1368, as follows:

Page 2, after line 35, insert:

"Sec. 3. [AGENCY REPORT.]

By January 15, 1994, the commissioner of the pollution control agency must report to the environment and natural resources policy committees of the legislature on the feasibility of promulgating rules to establish health-based standards to control emissions of toxic air contaminants into the ambient air."

Page 2, line 36, delete "3" and insert "4"

The motion prevailed and the amendment was adopted.

Kahn and Hausman moved to amend S. F. No. 1368, as amended, as follows:

Page 2, after line 35, insert:

"Sec. 3. [609.672] [PROHIBITION; AIR POLLUTION.]

No state agency may issue a permit for the construction, retrofitting, renovation, or operation of a facility capable of being powered primarily by coal for the principal purpose of providing space heating if the facility is located within that portion of the Mississippi river critical area established in section 116C.15 that is within the St. Anthony Falls heritage interpretive zone established in sections 138.761 to 138.766.

The prohibition in this section does not apply to issuance of a permit or modification of an existing permit necessary to retrofit or renovate pollution control equipment at an existing facility for the purpose of complying with sulphur dioxide emission standards."

Page 2, line 36, delete "3" and insert "4"

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1368, A bill for an act relating to the environment; imposing criminal penalties for knowing violations of air pollution requirements; amending Minnesota Statutes 1992, section 609.671, subdivisions 9 and 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 107 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Abrams	Cooper	Jacobs	Lieder	Nelson	Rhodes	Van Dellen
Anderson, I.	Dauner	Jefferson	Limmer	Olson, K.	Rice	Vellenga
Anderson, R.	Dawkins	Jennings	Lindner	Opatz	Rodosovich	Wagenius
Asch	Erhardt	Johnson, A.	Luther	Orenstein	Rukavina	Weaver
Battaglia	Evans	Johnson, R.	Lynch	Orfield	Sarna	Wejcman
Bauerly	Farrell	Kahn	Macklin	Osthoff	Seagren	Welle
Beard	Frerichs	Kalis	Mahon	Ostrom	Sekhon	Wenzel
Bergson	Garcia	Kelley	Mariani	Ozment	Simoneau	Winter
Bertram	Goodno	Kelso	McCollum	Pauly	Skoglund	Wolf
Bishop	Greenfield	Kinkel	McGuire	Pawlenty	Smith	Worke
Blatz	Greiling	Klinzing	Milbert	Pelowski	Steensma	Spk. Long
Brown, C.	Gutknecht	Knickerbocker	Morrison	Perit	Swenson	
Brown, K.	Hasskamp	Koppendrayer	Mosel	Peterson	Tomassoni	
Carlson	Haukoos	Krueger	Munger	Pugh	Tompkins	
Carruthers	Hausman	Lasley	Murphy	Reding	Trimble	
Clark	Huntley	Leppik	Neary	Rest	Tunheim	

Those who voted in the negative were:

Bettermann	Dehler	Girard	Hugoson	Molnau	Olson, M.	Vickerman
Commers	Dempsey	Gruenes	Johnson, V.	Ness	Onnen	Waltman
Dauids	Dorn	Holsten	Krinkie	Olson, E.	Stanis	Workman

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

S. F. No. 452, A bill for an act relating to civil commitment; clarifying time limitations for appeal under the civil commitment act; amending Minnesota Statutes 1992, section 253B.23, 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 334 was reported to the House.

Pugh moved that S. F. No. 334 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 502, A bill for an act relating to health; asbestos abatement; modifying provisions relating to asbestos-related work, licenses, and fees; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 326.71, subdivisions 3, 4, 5, 6, 8, and by adding subdivisions; 326.72; 326.73; 326.74; 326.75; 326.76; 326.78; 326.785; 326.79; 326.80; and 326.81; repealing Minnesota Statutes 1992, sections 326.71, 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 121 yeas and 11 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Davids	Haukoos	Johnson, V.	Lindner	Onnen	Tompkins
Frerichs	Johnson, R.	Krinkie	Olson, M.	Stanius	

The bill was passed and its title agreed to.

S. F. No. 334 which was temporarily laid over earlier today on Special Orders was again reported to the House.

S. F. No. 334, A bill for an act relating to traffic regulations; authorizing issuance of a citation to a driver and penalizing vehicle owner or lessee for failure to yield right-of-way to emergency vehicle; amending Minnesota Statutes 1992, section 169.20, by adding subdivisions.

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

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

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1297 was reported to the House.

Milbert moved that S. F. No. 1297 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 918, A bill for an act relating to civil actions; providing that the statute of limitations in section 541.051 governs materials incorporated into an improvement to real property; amending Minnesota Statutes 1992, section 336.2-725.

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

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Gruenes Haukoos

The bill was passed and its title agreed to.

S. F. No. 131 was reported to the House.

Johnson, A., moved to amend S. F. No. 131, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 168.1281, is amended by adding a subdivision to read:

Subd. 4. [NEW LICENSE PLATES.] The registrar may not issue new license plates under subdivision 1 after the effective date of this section.

Sec. 2. Minnesota Statutes 1992, section 221.051, is amended to read:

221.051 ~~[ABANDONMENT OR DISCONTINUANCE OF SERVICE]~~ REGULAR ROUTE PASSENGER CARRIERS.]

Subdivision 1. [ABANDONMENT OR DISCONTINUANCE OF SERVICE.] No regular route common carrier of passengers or class I carrier may abandon or discontinue any service required under its certificate without an order of the board therefor, except in cases of emergency or conditions beyond its control.

~~A passenger regular route common carrier may depart from the route over which it is authorized to operate for the purpose of transporting chartered or excursion parties to any point in the state of Minnesota on such terms and conditions as the board may prescribe.~~

Subd. 2. [INCIDENTAL CHARTER AUTHORITY.] Notwithstanding any other law, a regular route common carrier of passengers that was granted incidental charter operating authority by the board before August 1, 1993, may continue to exercise that authority.

Sec. 3. Minnesota Statutes 1992, section 221.091, is amended to read:

221.091 [LIMITATIONS; RELATIONSHIP TO LOCAL REGULATION.]

No provision in sections 221.011 to 221.291 and 221.84 ~~to 221.85~~ shall authorize the use by any carrier of any public highway in any city of the first class in violation of any charter provision or ordinance of such city in effect January 1, 1925, unless and except as such charter provisions or ordinance may be repealed after that date; nor shall sections 221.011 to 221.291 and 221.84 ~~to 221.85~~ be construed as in any manner taking from or curtailing the right of any city to reasonably regulate or control the routing, parking, speed or the safety of operation of a motor vehicle operated by any carrier under the terms of those sections, or the general police power of any such city over its highways; nor shall sections 221.011 to 221.291 and 221.84 ~~to 221.85~~ be construed as abrogating any provision of the charter of any such city requiring certain conditions to be complied with before such carrier can use the highways of such city and such rights and powers herein stated are hereby expressly reserved and granted to such city; but no such city shall prohibit or deny the use of the public highways within its territorial boundaries by any such carrier for transportation of passengers or property received within its boundaries to destinations beyond such boundaries, or for transportation of passengers or property from points beyond such boundaries to destinations within the same, or for transportation of passengers or property from points beyond such boundaries through such municipality to points beyond the boundaries of such municipality, where such operation is pursuant to a certificate of convenience and necessity issued by the commission or to a permit issued by the commissioner under section 221.84 ~~or 221.85~~.

Sec. 4. [REPEALER.]

Minnesota Statutes 1992, sections 168.011, subdivision 36; 168.1281; 221.011, subdivision 34; and 221.85, are repealed.

Sec. 5. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment. Sections 3 and 4 are effective August 1, 1994."

Delete the title and insert:

"A bill for an act relating to motor carriers; restricting authority of regular route common carriers of passengers to depart from their authorized routes; authorizing the continued exercise of certain operating authority by such carriers; abolishing certain regulations related to personal transportation service providers; making technical correction; amending Minnesota Statutes 1992, sections 168.1281, by adding a subdivision; 221.051; and 221.091; repealing Minnesota Statutes 1992, sections 168.011, subdivision 36; 168.1281; 221.011, subdivision 34; and 221.85."

The motion prevailed and the amendment was adopted.

S. F. No. 131, A bill for an act relating to motor carriers; restricting authority of regular route common carriers of passengers to depart from their authorized routes; amending Minnesota Statutes 1992, section 221.051.

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 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Bertram	Clark	Dempsey	Greenfield	Huntley	Kahn
Anderson, I.	Bettermann	Commers	Erhardt	Greiling	Jacobs	Kalis
Anderson, R.	Bishop	Cooper	Evans	Gutknecht	Jaros	Kelley
Asch	Blatz	Dauner	Farrell	Hasskamp	Jefferson	Kelso
Battaglia	Brown, C.	Davids	Frerichs	Haukoos	Jennings	Kinkel
Bauerly	Brown, K.	Dawkins	Garcia	Hausman	Johnson, A.	Klinzing
Beard	Carlson	Dehler	Girard	Holsten	Johnson, R.	Knickerbocker
Bergson	Carruthers	Delmont	Goodno	Hugoson	Johnson, V.	Koppendrayner

Krinkie	Mahon	Ness	Pawlenty	Sarna	Tompkins	Winter
Krueger	Mariani	Olson, E.	Pelowski	Sekhon	Trimble	Wolf
Lasley	McCollum	Olson, M.	Perlt	Simoneau	Tunheim	Worke
Leppik	McGuire	Onnen	Peterson	Skoglund	Van Dellen	Workman
Lieder	Milbert	Opatz	Pugh	Smith	Vellenga	Spk. Long
Limmer	Morrison	Orenstein	Reding	Solberg	Vickerman	
Lindner	Mosel	Orfield	Rest	Stanius	Wagenius	
Lourey	Munger	Osthoff	Rhodes	Steensma	Waltman	
Luther	Murphy	Ostrom	Rice	Sviggum	Weaver	
Lynch	Neary	Ozment	Rodosovich	Swenson	Wejcman	
Macklin	Nelson	Pauly	Rukavina	Tomassoni	Wenzel	

Those who voted in the negative were:

Dorn Olson, K.

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

S. F. No. 981, A bill for an act relating to human services; clarifying and changing license evaluation requirements and certain restrictions on businesses providing certain adult foster care services; changing the billing cycle and collection retention for certain human services programs; modifying conditions for the Minnesota family investment plan; changing the name of the hearing impaired services act and the council for the hearing impaired; changing requirements for child protection training and clarifying maltreatment reporting; amending Minnesota Statutes 1992, sections 245A.04, subdivision 6; 256.019; 256.025, subdivision 3; 256.033, subdivision 1; 256.034, subdivision 1; 256.0361, subdivision 1; 256C.21; 256C.22; 256C.23, subdivisions 2, 3, and by adding a subdivision; 256C.24; 256C.25, subdivision 1; 256C.26; 256C.27; 256C.28; 268.871, subdivision 1; 626.556, subdivisions 10 and 11; 626.559, subdivisions 1 and 1a; and 626.5591.

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

The bill was passed and its title agreed to.

S. F. No. 1226 was reported to the House.

Greenfield moved to amend S. F. No. 1226, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 62E.08, is amended to read:

62E.08 [STATE PLAN PREMIUM.]

Subdivision 1. [ESTABLISHMENT.] The association shall establish the following maximum premiums to be charged for membership in the comprehensive health insurance plan:

(a) the premium for the number one qualified plan shall ~~be up range from a~~ minimum of 101 percent to a maximum of 125 percent of the weighted average of rates charged by the five those insurers and health maintenance organizations with the largest number of individuals enrolled in a:

(1) number one individual qualified ~~plan~~ plans of insurance in force in Minnesota;

(2) individual health maintenance organization contracts of coverage which are in force in Minnesota and which are, or are adjusted to be, actuarially equivalent to number one individual qualified plans; and

(3) individual policies and individual health maintenance organization contracts of coverage which are in force in Minnesota, are not qualified under section 62E.06, are, or are adjusted to be, actuarially equivalent to number one individual qualified plans, and do not fall under clause (2);

(b) the premium for the number two qualified plan shall ~~be up range from a~~ minimum of 101 percent to a maximum of 125 percent of the weighted average of rates charged by the five those insurers and health maintenance organizations with the largest number of individuals enrolled in a:

(1) number two individual qualified ~~plan~~ plans of insurance in force in Minnesota;

(2) individual health maintenance organization contracts of coverage which are in force in Minnesota and which are, or are adjusted to be, actuarially equivalent to number two individual qualified plans; and

(3) individual policies and individual health maintenance organization contracts of coverage which are in force in Minnesota, are not qualified under section 62E.06, are, or are adjusted to be, actuarially equivalent to number two individual qualified plans, and do not fall under clause (2);

(c) the premium for a each type of qualified medicare supplement plan required to be offered by the association pursuant to section 62E.12 shall ~~be up range from a~~ minimum of 101 percent to a maximum of 125 percent of the weighted average of rates charged by the five those insurers and health maintenance organizations with the largest number of individuals enrolled in a:

(1) qualified medicare supplement ~~plan~~ plans in force in Minnesota;

(2) health maintenance organization medicare supplement contracts of coverage which are in force in Minnesota and which are, or are adjusted to be, actuarially equivalent to qualified medicare supplement plans; and

(3) medicare supplement policies and health maintenance organization medicare supplement contracts of coverage which are in force in Minnesota, are not qualified under section 62E.07, are, or are adjusted to be, actuarially equivalent to qualified medicare supplement plans, and do not fall under clause (2); and

(d) the charge for health maintenance organization coverage shall be based on generally accepted actuarial principles.

The five list of insurers and health maintenance organizations whose rates are used to establish the premium for each type of coverage offered by the association pursuant to paragraphs (a) to (c) shall be ~~determined~~ established by the commissioner on the basis of information which shall be provided to the association by all insurers and health maintenance organizations annually at the commissioner's request, concerning. This information shall include the number of individual qualified plans and qualified medicare supplement plans or actuarially equivalent plans offered by the insurer and individuals covered by each type of plan or contract specified in paragraphs (a) to (c) that is sold, issued, and renewed by the insurers and health maintenance organizations, including those plans or contracts available only on a renewal basis. The information shall also include the rates charged by the insurer for each type of plan offered by the insurer. ~~In determining the insurers whose rates shall be used in establishing the premium,~~ the commissioner shall utilize generally accepted actuarial principles and structurally compatible rates. Subject to this subdivision, ~~the commissioner shall include any insurer operating pursuant to chapter 62C in establishing the premium or contract.~~

In establishing premiums pursuant to this section, the association shall utilize generally accepted actuarial principles, provided that the association shall not discriminate in charging premiums based upon sex. In order to compute a weighted average for each type of plan or contract specified under paragraphs (a) to (c), the association shall, using the information collected pursuant to this subdivision, list insurers and health maintenance organizations in rank order of the total number of individuals covered by each insurer or health maintenance organization. The association shall then compute a weighted average of the rates charged for coverage by all the insurers and health maintenance organizations by:

(1) multiplying the numbers of individuals covered by each insurer or health maintenance organization by the rates charged for coverage;

(2) separately summing both the number of individuals covered by all the insurers and health maintenance organizations and all the products computed under clause (1); and

(3) dividing the total of the products computed under clause (1) by the total number of individuals covered.

The association may elect to use a sample of information from the insurers and health maintenance organizations for purposes of computing a weighted average. If the association so elects, the sample of information from insurers and health maintenance organizations shall, at a minimum, include information from those insurers and health maintenance organizations which, according to their order of ranking from the largest number of individuals covered to the smallest number, account for at least the first 51 percent of all individuals covered. In no case, however, may a sample used by the association to compute a weighted average include information from fewer than the two insurers or health maintenance organizations highest in rank order.

Subd. 2. [SELF-SUPPORTING.] Subject to subdivision 1, the schedule of premiums for coverage under the comprehensive health insurance plan shall be designed to be self-supporting and based on generally accepted actuarial principles.

Subd. 3. [DETERMINATION OF RATES.] Premium rates under this section must be determined annually. These rates are effective July 1 of each year and must be based on a survey of approved rates of insurers and health maintenance organizations in effect, or to be in effect, on April 1 of the same calendar year.

Sec. 2. Minnesota Statutes 1992, section 62E.09, is amended to read:

62E.09 [DUTIES OF COMMISSIONER.]

The commissioner may:

(a) Formulate general policies to advance the purposes of sections 62E.01 to 62E.16;

(b) Supervise the creation of the Minnesota comprehensive health association within the limits described in section 62E.10;

(c) Approve the selection of the writing carrier by the association ~~and,~~ approve the association's contract with the writing carrier ~~including,~~ and approve the state plan coverage ~~and premiums to be charged;~~

(d) Appoint advisory committees;

(e) Conduct periodic audits to assure the general accuracy of the financial data submitted by the writing carrier and the association;

(f) Contract with the federal government or any other unit of government to ensure coordination of the state plan with other governmental assistance programs;

(g) Undertake directly or through contracts with other persons studies or demonstration programs to develop awareness of the benefits of sections 62E.01 to 62E.16, so that the residents of this state may best avail themselves of the health care benefits provided by these sections;

(h) Contract with insurers and others for administrative services; and

(i) Adopt, amend, suspend and repeal rules as reasonably necessary to carry out and make effective the provisions and purposes of sections 62E.01 to 62E.16. The commissioner may until December 31, 1978 adopt emergency rules.

Sec. 3. [62E.091] [APPROVAL OF STATE PLAN PREMIUMS.]

The association shall submit to the commissioner any premiums it proposes to become effective for coverage under the comprehensive health insurance plan, pursuant to section 62E.08, subdivision 3. No later than 45 days before the effective date for premiums specified in section 62E.08, subdivision 3, the commissioner shall approve, modify, or reject the proposed premiums on the basis of the following criteria:

(a) whether the association has complied with the provisions of section 62E.11, subdivision 11;

(b) whether the association has submitted the proposed premiums in a manner which provides sufficient time for individuals covered under the comprehensive insurance plan to receive notice of any premium increase no less than 30 days prior to the effective date of the increase;

(c) the degree to which the association's computations and conclusions are consistent with section 62E.08;

(d) the degree to which any sample used to compute a weighted average by the association pursuant to section 62E.08 reasonably reflects circumstances existing in the private marketplace for individual coverage;

(e) the degree to which a weighted average computed pursuant to section 62E.08 that uses information pertaining to individual coverage available only on a renewal basis reflects the circumstances existing in the private marketplace for individual coverage;

(f) a comparison of the proposed increases with increases in the cost of medical care and increases experienced in the private marketplace for individual coverage;

(g) the financial consequences to enrollees of the proposed increase;

(h) the actuarially projected effect of the proposed increase upon both total enrollment in, and the nature of the risks assumed by, the comprehensive health insurance plan; and

(i) the relative solvency of the contributing members; and

(j) other factors deemed relevant by the commissioner.

In no case, however, may the commissioner approve premiums for those plans of coverage described in section 62E.08, subdivision 1, paragraphs (a) to (c), that are lower than 101 percent or greater than 125 percent of the weighted averages computed by the association pursuant to section 62E.08. The commissioner shall support a decision to approve, modify, or reject any premium proposed by the association with written findings and conclusions addressing each criterion specified in this section. If the commissioner does not approve, modify, or reject the premiums proposed by the association sooner than 45 days before the effective date for premiums specified in section 62E.08, subdivision 3, the premiums proposed by the association under this section become effective.

Sec. 4. Minnesota Statutes 1992, 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, 1993."~~

Delete the title and insert:

"A bill for an act relating to insurance; the comprehensive health association; clarifying the duties of the association and the authority of the commissioner of commerce; amending Minnesota Statutes 1992, sections 62E.08; 62E.09; 62E.10, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 62E."

The motion prevailed and the amendment was adopted.

S. F. No. 1226, A bill for an act relating to insurance; the comprehensive health association; clarifying the duties of the association and the authority of the commissioner of commerce; repealing obsolete language; amending Minnesota Statutes 1992, sections 62E.08; 62E.09; 62E.10, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 62E.

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

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

S. F. No. 1114, as amended, which was temporarily laid over earlier today on Special Orders was again reported to the House.

MOTION FOR RECONSIDERATION

Brown, C., moved that the action whereby S. F. No. 1114, as amended, was given its third reading be now reconsidered. The motion prevailed.

Brown C., and Cooper moved to amend S. F. No. 1114, as amended, as follows:

Page 3, after line 10, insert:

"Sec. 8. Minnesota Statutes 1992, section 500.24, subdivision 3, is amended to read:

Subd. 3. [FARMING AND OWNERSHIP OF AGRICULTURAL LAND BY CORPORATIONS RESTRICTED.] No corporation, limited liability company, pension or investment fund, or limited partnership shall engage in farming; nor shall any corporation, limited liability company, pension or investment fund, or limited partnership, directly or indirectly, own, acquire, or otherwise obtain an interest, whether legal, beneficial or otherwise, in any title to real estate used for farming or capable of being used for farming in this state. Provided, however, that the restrictions in this subdivision do not apply to corporations or partnerships in clause (b) and do not apply to corporations, limited partnerships, and pension or investment funds that record its name and the particular exception under clauses (a) to ~~(s)~~ (t) under which the agricultural land is owned or farmed, have a conservation plan prepared for the agricultural land, report as required under subdivision 4, and satisfy one of the following conditions under clauses (a) to ~~(s)~~ (t):

(a) a bona fide encumbrance taken for purposes of security;

(b) a family farm corporation, an authorized farm corporation, a family farm partnership, or an authorized farm partnership as defined in subdivision 2 or a general partnership;

(c) agricultural land and land capable of being used for farming owned by a corporation as of May 20, 1973, or a pension or investment fund as of May 12, 1981, including the normal expansion of such ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, or, in the case of a pension or investment fund, as of May 12, 1981, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules;

(d) agricultural land operated for research or experimental purposes with the approval of the commissioner of agriculture, provided that any commercial sales from the operation must be incidental to the research or experimental objectives of the corporation. A corporation, limited partnership, or pension or investment fund seeking to operate agricultural land for research or experimental purposes must submit to the commissioner a prospectus or proposal of the intended method of operation, containing information required by the commissioner including a copy of any operational contract with individual participants, prior to initial approval of an operation. A corporation, limited partnership, or pension or investment fund operating agricultural land for research or experimental purposes prior to May 1, 1988, must comply with all requirements of this clause except the requirement for initial approval of the project;

(e) agricultural land operated by a corporation or limited partnership for the purpose of raising breeding stock, including embryos, for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod;

(f) agricultural land and land capable of being used for farming leased by a corporation or limited partnership in an amount, measured in acres, not to exceed the acreage under lease to such corporation as of May 20, 1973, or to the limited partnership as of May 1, 1988, and the additional acreage required for normal expansion at a rate not to exceed 20 percent of the amount of land leased as of May 20, 1973, for a corporation or May 1, 1988, for a limited partnership in any five-year period, and the additional acreage reasonably necessary to meet the requirements of pollution control rules;

(g) agricultural land when acquired as a gift (either by grant or a devise) by an educational, religious, or charitable nonprofit corporation or by a pension or investment fund or limited partnership; provided that all lands so acquired by a pension or investment fund, and all lands so acquired by a corporation or limited partnership which are not operated for research or experimental purposes, or are not operated for the purpose of raising breeding stock for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod must be disposed of within ten years after acquiring title thereto;

(h) agricultural land acquired by a pension or investment fund or a corporation other than a family farm corporation or authorized farm corporation, as defined in subdivision 2, or a limited partnership other than a family farm partnership or authorized farm partnership as defined in subdivision 2, for which the corporation or limited partnership has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an incorporated area. A pension or investment fund or a corporation or limited partnership may hold such agricultural land in such acreage as may be necessary to its nonfarm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, such land may not be used for farming except under lease to a family farm unit, a family farm corporation, an authorized farm corporation, a family farm partnership, or an authorized farm partnership, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation which has entered into an agreement with the United States of America pursuant to the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, United States Code, title 42, sections 3901 to 3914) as amended, or a subsidiary or assign of such a corporation;

(i) agricultural lands acquired by a pension or investment fund or a corporation or limited partnership by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise; provided, however, that all lands so acquired be disposed of within ten years after acquiring the title if acquired before May 1, 1988, and five years after acquiring the title if acquired on or after May 1, 1988, acquiring the title thereto, and further provided that the land so acquired shall not be used for farming during the ten-year or five-year period except under a lease to a family farm unit, a family farm corporation, an authorized farm corporation, a family farm partnership, or an authorized farm partnership. The aforementioned ten-year or five-year limitation period shall be deemed a covenant running with the title to the land against any grantee, assignee, or successor of the pension or investment fund, corporation, or limited partnership. Notwithstanding the five-year divestiture requirement under this clause, a financial institution may continue to own the agricultural land if the agricultural land is leased to the immediately preceding former owner, but must divest of the agricultural land within the ten-year period;

(j) agricultural land acquired by a corporation regulated under the provisions of Minnesota Statutes 1974, chapter 216B, for purposes described in that chapter or by an electric generation or transmission cooperative for use in its business, provided, however, that such land may not be used for farming except under lease to a family farm unit, a family farm corporation, or a family farm partnership;

(k) agricultural land, either leased or owned, totaling no more than 2,700 acres, acquired after May 20, 1973, for the purpose of replacing or expanding asparagus growing operations, provided that such corporation had established 2,000 acres of asparagus production;

(l) all agricultural land or land capable of being used for farming which was owned or leased by an authorized farm corporation as defined in Minnesota Statutes 1974, section 500.24, subdivision 1, clause (d), but which does not qualify as an authorized farm corporation as defined in subdivision 2, clause (d);

(m) a corporation formed primarily for religious purposes whose sole income is derived from agriculture;

(n) agricultural land owned or leased by a corporation prior to August 1, 1975, which was exempted from the restriction of this subdivision under the provisions of Laws 1973, chapter 427, including normal expansion of such ownership or leasehold interest to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1975, in any five-year period and the additional ownership reasonably necessary to meet requirements of pollution control rules;

(o) agricultural land owned or leased by a corporation prior to August 1, 1978, including normal expansion of such ownership or leasehold interest, to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1978, and the additional ownership reasonably necessary to meet requirements of pollution control rules, provided that nothing herein shall reduce any exemption contained under the provisions of Laws 1975, chapter 324, section 1, subdivision 2;

(p) an interest in the title to agricultural land acquired by a pension fund or family trust established by the owners of a family farm, authorized farm corporation or family farm corporation, but limited to the farm on which one or more of those owners or shareholders have resided or have been actively engaged in farming as required by subdivision 2, clause (b), (c), or (d);

(q) agricultural land owned by a nursing home located in a city with a population, according to the state demographer's 1985 estimate, between 900 and 1,000, in a county with a population, according to the state demographer's 1985 estimate, between 18,000 and 19,000, if the land was given to the nursing home as a gift with the expectation that it would not be sold during the donor's lifetime. This exemption is available until July 1, 1995;

(r) the acreage of agricultural land and land capable of being used for farming owned and recorded by an authorized farm corporation as defined in Minnesota Statutes 1986, section 500.24, subdivision 2, paragraph (d), or a limited partnership as of May 1, 1988, including the normal expansion of the ownership at a rate not to exceed 20 percent of the land owned and recorded as of May 1, 1988, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules;

(s) agricultural land owned or leased as a necessary part of an aquatic farm as defined in section 17.47, subdivision 3; and

(t) farming of livestock acquired by a pension or investment fund, corporation, limited partnership, or limited liability company in the collection of debts, or by a procedure for the enforcement of a lien or claim thereon, whether created by a security agreement or otherwise; provided, however, that all livestock so acquired be disposed of within one full production cycle for the type of livestock operation from which the livestock was acquired but in no case later than 18 months after acquisition or 18 months after the effective date of this subdivision, whichever is later. This clause does not diminish the rights existing under this section, for financial institutions insured by the FDIC or its successor."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

Abrams raised a point of order pursuant to rule 3.09 that the Brown, C., and Cooper amendment was not in order.

Pursuant to section 245 of "Mason's Manual of Legislative Procedure" Speaker pro tempore Bauerly submitted the following question to the House: "Is it the judgment of the House that the Abrams point of order is well taken?"

A roll call was requested and properly seconded.

The question was taken on the Abrams point of order and the roll was called. There were 60 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Abrams	Dempsey	Haukoos	Krinkie	Morrison	Perl	Vickerman
Battaglia	Dorn	Hausman	Krueger	Murphy	Seagren	Waltman
Bettermann	Erhardt	Holsten	Leppik	Ness	Sekhon	Weaver
Bishop	Frerichs	Hugoson	Limmer	Olson, M.	Smith	Wolf
Blatz	Girard	Jennings	Lindner	Onnen	Stanisus	Worke
Commers	Goodno	Johnson, V.	Lourey	Osthoff	Sviggum	Workman
Dauner	Greiling	Kahn	Lynch	Pauly	Swenson	
Davids	Gruenes	Knickerbocker	Macklin	Pawlenty	Tompkins	
Dehler	Gutknecht	Koppendraye	Molnau	Pelowski	Van Dellen	

Those who voted in the negative were:

Anderson, I.	Cooper	Jaros	Luther	Olson, K.	Rice	Vellenga
Anderson, R.	Dawkins	Jefferson	Mahon	Opatz	Rodosovich	Wagenius
Beard	Delmont	Johnson, A.	Mariani	Orenstein	Rukavina	Wejzman
Bergson	Evans	Johnson, R.	McCollum	Orfield	Sarna	Welle
Bertram	Farrell	Kalis	McGuire	Ostrom	Skoglund	Wenzel
Brown, C.	Garcia	Kelley	Milbert	Ozment	Solberg	Winter
Brown, K.	Greenfield	Kelso	Mosel	Peterson	Steensma	
Carlson	Hasskamp	Kinkel	Neary	Pugh	Tomassoni	
Carruthers	Huntley	Klinzing	Nelson	Reding	Trimble	
Clark	Jacobs	Lieder	Olson, E.	Rhodes	Tunheim	

So it was the judgment of the House that the Abrams point of order was not well taken and the Brown, C., and Cooper amendment was in order.

The question recurred on the Brown, C., and Cooper amendment and the roll was called. There were 78 yeas and 51 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Cooper	Jacobs	Luther	Olson, K.	Rice	Vellenga
Anderson, R.	Dauner	Jefferson	Mahon	Opatz	Rodosovich	Wagenius
Asch	Dawkins	Johnson, A.	Mariani	Orenstein	Rukavina	Wejzman
Battaglia	Delmont	Johnson, R.	McCollum	Orfield	Sarna	Welle
Beard	Dorn	Kalis	McGuire	Osthoff	Sekhon	Wenzel
Bergson	Evans	Kelley	Milbert	Ostrom	Simoneau	Winter
Bertram	Farrell	Kelso	Mosel	Pelowski	Skoglund	
Brown, C.	Garcia	Kinkel	Munger	Perlt	Solberg	
Brown, K.	Greenfield	Klinzing	Murphy	Peterson	Steensma	
Carlson	Greiling	Krueger	Neary	Pugh	Tomassoni	
Carruthers	Hasskamp	Lieder	Nelson	Reding	Trimble	
Clark	Huntley	Lourey	Olson, E.	Rest	Tunheim	

Those who voted in the negative were:

Abrams	Erhardt	Hugoson	Leppik	Olson, M.	Stanius	Wolf
Bettermann	Frerichs	Jennings	Limmer	Onnen	Sviggum	Worke
Bishop	Girard	Johnson, V.	Lindner	Ozment	Swenson	Workman
Blatz	Goodno	Kahn	Lynch	Pauly	Tompkins	
Commers	Gruenes	Knickerbocker	Macklin	Pawlenty	Van Dellen	
Davids	Gutknecht	Koppendrayer	Molnau	Rhodes	Vickerman	
Dehler	Haukoos	Krinkie	Morrison	Seagren	Waltman	
Dempsey	Holsten	Lasley	Ness	Smith	Weaver	

The motion prevailed and the amendment was adopted.

Asch moved to amend S. F. No. 1114, as amended, as follows:

Page 3, after line 10, insert:

"Sec. 8. Laws 1993, chapter 65, section 8, is amended to read:

Sec. 8. [32.72] [SALES BELOW COST PROHIBITED; EXCEPTIONS.]

Subdivision 1. [POLICY; PROCESSORS; WHOLESALERS; RETAILERS.] (a) It is the intent of the legislature to accomplish partial deregulation of milk marketing with a minimum negative impact upon small volume retailers.

(b) A processor or wholesaler may not sell or offer for sale selected class I or class II dairy products at a price lower than the processor's or wholesaler's basic cost.

~~(c) A retailer may not sell or offer for sale selected class I or class II dairy products at a retail price lower than 107.5 percent of the retailer's basic cost. A retailer may not use any method or device in the sale or offer for sale of a selected dairy product that results in a violation of this section.~~

Subd. 2. [EXCEPTIONS.] The minimum processor, and wholesaler, ~~and~~ retailer prices of subdivision 1 do not apply:

(i) to a sale complying with section 325D.06, clauses (1) to (4); or

~~(ii) to a retailer giving away selected class I and class II dairy products free if the customer is not required to make a purchase;~~

~~(iii) to a processor, and wholesaler, ~~or~~ retailer giving away selected class I and class II dairy products free or at a reduced cost to a bona fide charity; ~~or~~~~

~~(iv) to a retailer during the month of June, 1994, and June of each year thereafter.~~

Sec. 9. [REPEALER.]

Laws 1993, chapter 65, section 6, subdivisions 3 and 8, are repealed retroactive to May 1, 1993. This section is effective the day after final enactment.

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

Wenzel raised a point of order pursuant to rule 3.09 that the Asch amendment was not in order. Speaker pro tempore Bauerly ruled the point of order not well taken and the amendment in order.

Pugh moved that S. F. No. 1114, as amended, be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 414 was reported to the House.

Simoneau and Abrams moved to amend S. F. No. 414, as follows:

Page 14, delete section 20

Page 15, delete section 21

Page 16, line 2, delete "Sections 15, 20, and 21 are" and insert "Section 15 is"

Page 16, line 3, delete "Sections 20 and 21 are repealed June 30, 1994."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, delete everything after the semicolon

Page 1, line 8, delete "council on metropolitan governance;"

The motion prevailed and the amendment was adopted.

S. F. No. 414, A bill for an act relating to transportation; providing procedures for design, approval, and construction of light rail transit; establishing corridor management committee; providing for resolution of disputes; changing membership and responsibilities of the light rail transit joint powers board; establishing an advisory council on metropolitan governance; amending Minnesota Statutes 1992, sections 174.32, subdivision 2; 473.167, subdivision 1; 473.373, subdivision 4a; 473.399, subdivision 1; 473.3993; 473.3994, subdivisions 2, 3, 4, 5, 7, and by adding subdivisions; 473.3996; 473.3997; 473.3998; 473.4051; proposing coding for new law in Minnesota Statutes, chapter 174; repealing Minnesota Statutes 1992, sections 473.399, subdivisions 2 and 3; 473.3991; 473.3994, subdivision 6; Laws 1991, chapter 291, article 4, section 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 104 yeas and 25 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dawkins	Jaros	Lourey	Olson, E.	Reding	Tomassoni
Anderson, R.	Dehler	Jefferson	Luther	Olson, K.	Rest	Trimble
Asch	Delmont	Jennings	Lynch	Onnen	Rhodes	Tunheim
Battaglia	Dempsey	Johnson, A.	Mahon	Opatz	Rice	Vellenga
Bauerly	Dorn	Johnson, R.	Mariani	Orenstein	Rodosovich	Vickerman
Beard	Evans	Johnson, V.	McCollum	Orfield	Rukavina	Wagenius
Bertram	Farrell	Kahn	McGuire	Osthoff	Sarna	Weaver
Bishop	Frerichs	Kalis	Milbert	Ostrom	Sekhon	Wejcman
Brown, C.	Greenfield	Kelley	Molnau	Ozment	Simoneau	Wenzel
Brown, K.	Greiling	Kelso	Morrison	Pauly	Skoglund	Winter
Carlson	Gutknecht	Kinkel	Mosel	Pawlenty	Smith	Wolf
Carruthers	Hasskamp	Koppendrayner	Munger	Pelowski	Solberg	Worke
Clark	Hausman	Krueger	Murphy	Pelt	Stanius	Workman
Cooper	Huntley	Lasley	Neary	Peterson	Steensma	Spk. Long
Dauner	Jacobs	Lieder	Nelson	Pugh	Swenson	

Those who voted in the negative were:

Abrams	Commers	Goodno	Knickerbocker	Lindner	Seagren	Waltman
Bergson	Davids	Gruenes	Krinkie	Macklin	Sviggum	
Bettermann	Erhardt	Haukoos	Leppik	Ness	Tompkins	
Blatz	Girard	Hugoson	Limmer	Olson, M.	Van Dellen	

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

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Anderson, I., from the Committee on Rules and Legislative Administration, pursuant to rule 1.09, designated the following bills as Special Orders to be acted upon immediately following printed Special Orders for today:

H. F. No. 323; S. F. Nos. 785 and 544; H. F. No. 187; and S. F. No. 636.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

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

H. F. No. 129, A bill for an act relating to marriage dissolution; maintenance; applying child support enforcement actions to actions to enforce maintenance; expanding notice of rights of parties in dissolution or separation proceeding; requiring child support order to assign responsibility for child's medical coverage; clarifying visitation rights; requiring dissolution judgment or decree to provide notice about principal residence; amending Minnesota Statutes 1992, sections 214.101, subdivisions 1 and 4; 518.17, subdivision 3; 518.171, subdivision 1; 518.175, subdivision 6; 518.177; 518.55; 518.551, subdivision 12; 518.583; 518.611, subdivision 2; and 518.641, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 518.

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

Madam Speaker:

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

S. F. No. 306.

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. 306

A bill for an act relating to state government; appointments of department heads and members of administrative boards and agencies; clarifying procedures and requirements; amending Minnesota Statutes 1992, sections 15.0575, subdivision 4; 15.06, subdivision 5; and 15.066, subdivision 2.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 306, 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. 306 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPOINTMENT PROCEDURES

Section 1. Minnesota Statutes 1992, section 15.0575, subdivision 4, is amended to read:

Subd. 4. [REMOVAL; VACANCIES.] A member may be removed by the appointing authority at any time (1) for cause, after notice and hearing, or (2) after missing three consecutive meetings. The chair of the board shall inform the appointing authority of a member missing the three consecutive meetings. After the second consecutive missed meeting and before the next meeting, the secretary of the board shall notify the member in writing that the member may be removed for missing the next meeting. In the case of a vacancy on the board, the appointing authority shall appoint, ~~subject to the advice and consent of the senate if the member is appointed by the governor,~~ a person to fill the vacancy for the remainder of the unexpired term. An appointment to fill a vacancy is subject to the advice and consent of the senate if the appointment of the person whose position is vacant was subject to the advice and consent of the senate.

Sec. 2. Minnesota Statutes 1992, section 15.06, subdivision 5, is amended to read:

Subd. 5. [EFFECT OF DESIGNATION OF ACTING OR TEMPORARY COMMISSIONER.] A person who is designated acting commissioner or temporary commissioner ~~pursuant to subdivisions under subdivision 3 or 4 shall immediately have~~ has all the powers and emoluments and may perform all the duties of the office. A person who is designated permanent commissioner ~~shall have~~ has all the powers and may perform all the duties of the office upon receipt of the letter of appointment by the president of the senate ~~pursuant to~~ in accordance with section 15.066. Upon the appointment of a permanent commissioner or acting commissioner to succeed any other acting or temporary commissioner, the subsequent appointee shall immediately take the place of any other acting or temporary commissioner. No person ~~shall~~ may serve as a permanent commissioner or acting commissioner after the senate has voted to refuse to consent to the person's appointment as permanent commissioner. A person designated as a permanent commissioner may serve until the end of the term of office for the position unless the senate has voted to refuse to consent to the person's appointment as permanent commissioner. In conformity with subdivision 2, no temporary or acting commissioner may serve more than 45 legislative days after the end of a term of a commissioner or the occurrence of a vacancy. Notice of the designation of a commissioner or acting commissioner, or the assumption of office by a temporary commissioner, ~~shall~~ must be filed with the president of the senate and the speaker of the house with a copy delivered to the secretary of state and published in the next available edition of the State Register.

Sec. 3. Minnesota Statutes 1992, section 15.066, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] In all appointments to state agencies which require the advice and consent of the senate, the following procedure ~~shall apply~~ applies:

(a) the appointing authority shall provide to the president of the senate a letter of appointment, which ~~shall~~ must include the position title to which the appointment is being made; a copy of the notice of appointment; the name, street address, city, and county of the appointee; and the term of the appointment;

(b) for those positions for which a statement of economic interest is required to be filed by section 10A.09, the appointing authority shall give the notice to the ethical practices board required by section 10A.09, subdivision 2, at the time the letter of appointment is directed to the president of the senate;

(c) if the appointment is subject to the open appointments program provided by section 15.0597, the appointing authority shall provide the senate with a copy of the application provided by section 15.0597, at the time the letter of appointment is directed to the president of the senate; and

(d) the appointment ~~shall be~~ is effective and the appointee may commence to exercise the duties of the office upon the receipt of the letter of appointment by the president of the senate.

ARTICLE 2

REGULATING CONTRACTS FOR PROFESSIONAL OR TECHNICAL SERVICES

Section 1. Minnesota Statutes 1992, section 15.061, is amended to read:

15.061 [~~CONSULTANT, PROFESSIONAL AND OR~~ TECHNICAL SERVICES.]

~~Pursuant to the provisions of~~ In accordance with section 16B.17, the head of a state department or agency may, with the approval of the commissioner of administration, contract for consultant services and professional and or technical services in connection with the operation of the department or agency. A contract negotiated under this section shall ~~is not be~~ is not subject to the competitive bidding requirements of chapter ~~16~~ 16B.

Sec. 2. Minnesota Statutes 1992, section 16A.11, is amended by adding a subdivision to read:

Subd. 3b. [CONTRACTS.] The detailed budget estimate must also include the following information on professional and technical services contracts:

- (1) the number and amount of contracts over \$25,000 for each agency for the past biennium;
- (2) the anticipated number and amount of contracts over \$25,000 for each agency for the upcoming biennium; and
- (3) the total value of all contracts from the previous biennium, and the anticipated total value of all contracts for the upcoming biennium.

Sec. 3. [~~16B.167~~] [EMPLOYEE SKILLS INVENTORY.]

The commissioners of employee relations and administration shall develop a list of skills that state agencies commonly seek from professional and technical service contracts as developed through the collective bargaining process.

Sec. 4. Minnesota Statutes 1992, section 16B.17, is amended to read:

16B.17 [~~CONSULTANTS AND~~ PROFESSIONAL OR TECHNICAL SERVICES.]

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

~~(a) [CONSULTANT SERVICES.] "Consultant services" "professional or technical services" means services which that are intellectual in character; which that do not involve the provision of supplies or materials; which that include consultation analysis, evaluation, prediction, planning, or recommendation; and which that result in the production of a report or the completion of a task.~~

~~(b) [PROFESSIONAL AND TECHNICAL SERVICES.] "Professional and technical services" means services which are predominantly intellectual in character; which do not involve the provision of supplies or materials; and in which the final result is the completion of a task rather than analysis, evaluation, prediction, planning, or recommendation.~~

Subd. 2. [~~PROCEDURE FOR CONSULTANT AND PROFESSIONAL AND OR TECHNICAL SERVICES CONTRACTS.~~] Before approving a proposed state contract for ~~consultant services or professional and or~~ technical services the commissioner must determine, at least, that:

- (1) all provisions of section 16B.19 and subdivision 3 of this section have been verified or complied with;
- (2) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities, and there is statutory authority to enter into the contract;
- (3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;
- (4) no current state employees will engage in the performance of the contract;

(5) no state agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract; ~~and~~

(6) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and

(7) the combined contract and its amendments will not extend for more than five years.

Subd. 3. [DUTIES OF CONTRACTING AGENCY.] Before an agency may seek approval of a ~~consultant or~~ professional ~~and or~~ technical services contract valued in excess of \$5,000, it must certify to the commissioner that:

(1) the agency has publicized the contract by posting notices at appropriate worksites within agencies and has made reasonable efforts to determine that no state employee, including an employee outside the contracting agency, is able to perform the services called for by the contract;

(2) the normal competitive bidding mechanisms will not provide for adequate performance of the services;

~~(3) the services are not available as a product of a prior consultant or professional and technical services contract, and the contractor has certified that the product of the services will be original in character;~~

(4) reasonable efforts were made to publicize the availability of the contract to the public;

(5) the agency has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract; ~~and~~

(6) the agency has developed, and fully intends to implement, a written plan providing for the assignment of specific agency personnel to a monitoring and liaison function; the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services; and

(7) the agency will not allow the contractor to begin work before funds are fully encumbered.

The agency certification must provide detail on how the agency complied with this subdivision. In particular, the agency must describe how it complied with clauses (1) and (4) and what steps it has taken to verify the competence of the proposed contractor.

Subd. 3a. [RENEWALS.] The renewal of a professional or technical contract must comply with all requirements, including notice, required for the original contract. A renewal contract must be identified as such. All notices and reports on a renewal contract must state the date of the original contract and the amount paid previously under the contract.

Subd. 4. [REPORTS.] (a) The commissioner shall submit to the governor and the legislature legislative reference library a monthly listing of all contracts for ~~consultant services and for~~ professional ~~and or~~ technical services executed or disapproved in the preceding month. The report must identify the parties and the contract amount, duration, and tasks to be performed. The commissioner shall also issue quarterly and annual reports summarizing the contract review activities of the department during the preceding quarter.

(b) The monthly, quarterly, and annual reports must:

(1) be sorted by agency and by contractor;

(2) show the aggregate value of contracts issued by each agency and issued to each contractor;

(3) distinguish between contracts that are being issued for the first time and contracts that are being renewed;

(4) state the termination date of each contract; and

(5) categorize contracts according to subject matter, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems.

(c) For an agency listed in section 15.01, within 30 days of final completion of a contract over \$5,000 covered by this subdivision, the chief executive of the agency entering into the contract must submit a one-page statement to the chairs of the appropriate policy and finance committees or divisions in the legislature. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract to further the agency's mission;

(2) evaluate the conclusions reached under the contract and state how these conclusions help the agency to take action to further accomplish its mission; and

(3) state the amount spent on the contract and explain why this amount was a cost-effective way to enable the agency to provide its services or products better or more efficiently.

Subd. 5. [CONTRACT TERMS.] ~~(a) A consultant or technical and professional or technical services contract must by its terms permit the agency to unilaterally terminate the contract prior to completion, upon payment of just compensation, if the agency determines that further performance under the contract would not serve agency purposes. If the final product of the contract is to be a written report, no more than three copies of the report, one in camera ready form, shall be submitted to the an agency must obtain copies in the most cost-efficient manner. One of the copies must be filed with the legislative reference library.~~

(b) The terms of a contract entered into by an agency listed in section 15.01 must provide that no more than 90 percent of the amount due under the contract may be paid until the final product has been reviewed by the chief executive of the agency entering into the contract, and the chief executive has certified that the contractor has satisfactorily fulfilled the terms of the contract.

Sec. 5. Minnesota Statutes 1992, section 16B.19, subdivision 2, is amended to read:

Subd. 2. [CONSULTANT, PROFESSIONAL AND OR TECHNICAL PROCUREMENTS.] Every state agency shall for each fiscal year designate for awarding to small businesses at least 25 percent of the value of anticipated procurements of that agency for ~~consultant services or professional and or technical services.~~ The set-aside under this subdivision is in addition to that provided by subdivision 1, but ~~shall~~ must otherwise comply with section 16B.17.

Sec. 6. Minnesota Statutes 1992, section 16B.19, subdivision 10, is amended to read:

Subd. 10. [APPLICABILITY.] This section does not apply to construction contracts or contracts for ~~consultant, professional, or technical services~~ under section 16B.17 that are financed in whole or in part with federal funds and that are subject to federal disadvantaged business enterprise regulations.

Sec. 7. Minnesota Statutes 1992, section 473.129, is amended by adding a subdivision to read:

Subd. 2a. [CONTRACT CONDITIONS; REPORTING.] The metropolitan council shall provide by rule conditions for its professional and technical service contracts that are equivalent to the conditions required for state contracts under section 16B.17.

Sec. 8. [LEGISLATIVE AUDITOR.]

The legislative audit commission shall consider directing the legislative auditor to conduct a follow-up study of agency contracting and compliance with laws governing contracting.

Sec. 9. [TRANSFER.]

During the biennium ending June 30, 1995, the commissioner of administration shall transfer two additional full-time equivalent positions to review professional and technical service contracts.

Sec. 10. [SPENDING LIMITATION ON CONTRACTS.]

During the biennium ending June 30, 1995, the amount spent by a department listed in Minnesota Statutes, section 15.01 from direct-appropriated funds on professional or technical service contracts that are subject to review and approval of the commissioner of administration may not exceed 90 percent of the amount the department spent on these contracts from these funds in the biennium from July 1, 1991 to June 30, 1993. For purposes of this section, professional or technical service contracts are as defined in Minnesota Statutes, section 16B.17, but do not include: contracts for highway construction or maintenance; contracts entered into by state institutions to provide direct medical or health care services to clients in these institutions; contracts for large-scale information systems projects; contracts for capital development projects, including life and safety improvements; tourism contracts or grants; or contracts between state agencies, contracts between a state agency and the University of Minnesota or a political subdivision, or contracts between a state agency and the federal government.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective July 1, 1993."

Delete the title and insert:

"A bill for an act relating to state government; appointments of department heads and members of administrative boards and agencies; clarifying procedures and requirements; providing oversight of certain state and metropolitan government contracts; amending Minnesota Statutes 1992, sections 15.0575, subdivision 4; 15.06, subdivision 5; 15.061; 15.066, subdivision 2; 16A.11, by adding a subdivision; 16B.17; 16B.19, subdivisions 2 and 10; and 473.129, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16B."

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

Senate Conferees: JAMES P. METZEN AND PHIL J. RIVENESS.

House Conferees: BRIAN BERGSON, JOE OPATZ AND DENNIS OZMENT.

Bergson moved that the report of the Conference Committee on S. F. No. 306 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 306, A bill for an act relating to state government; appointments of department heads and members of administrative boards and agencies; clarifying procedures and requirements; amending Minnesota Statutes 1992, sections 15.0575, subdivision 4; 15.06, subdivision 5; and 15.066, subdivision 2.

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 102 yeas and 29 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Cooper	Holsten	Krueger	Neary	Rest	Tompkins
Anderson, R.	Dauner	Huntley	Lasley	Olson, E.	Rhodes	Trimble
Asch	Dawkins	Jacobs	Leppik	Olson, K.	Rice	Tunheim
Battaglia	Dehler	Jaros	Lieder	Onnen	Rodosovich	Vellenga
Bauerly	Delmont	Jefferson	Lourey	Opatz	Rukavina	Wagenius
Beard	Dorn	Jennings	Luther	Orenstein	Sarna	Waltman
Bergson	Evans	Johnson, A.	Lynch	Orfield	Seagren	Wejcman
Bertram	Farrell	Johnson, R.	Mahon	Ostrom	Sekhon	Welle
Bettermann	Garcia	Johnson, V.	Mariani	Ozment	Simoneau	Wenzel
Blatz	Goodno	Kahn	McCollum	Pawlenty	Skoglund	Winter
Brown, C.	Greenfield	Kalis	McGuire	Pelowski	Smith	Wolf
Brown, K.	Greiling	Kelley	Milbert	Perlt	Solberg	Spk. Long
Carlson	Gruenes	Kelso	Mosei	Peterson	Steensma	
Carruthers	Hasskamp	Kinkel	Munger	Pugh	Swenson	
Clark	Hausman	Klinzing	Murphy	Reding	Tomassoni	

Those who voted in the negative were:

Abrams	Ferichs	Knickerbocker	Macklin	Olson, M.	Vickerman
Commers	Girard	Koppendrayer	Molnau	Pauly	Weaver
Davids	Gutknecht	Krinkie	Morrison	Stanius	Worke
Dempsey	Haukoos	Limmer	Nelson	Sviggum	Workman
Erhardt	Hugoson	Lindner	Ness	Van Dellen	

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

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1585

A bill for an act relating to crime; imposing penalties for a variety of firearms-related offenses; expanding forfeiture provisions; revising and increasing penalties for stalking, harassment, and domestic abuse offenses; providing for improved training, investigation and enforcement of these laws; increasing penalties for and making revisions to certain controlled substance offenses; increasing penalties for crimes committed by groups; increasing penalties and improving enforcement of arson and related crimes; making certain changes to restitution and other crime victim laws; revising laws relating to law enforcement agencies, and state and local corrections agencies; requiring certain counties to establish pretrial diversion programs; revising and increasing penalties for a variety of other criminal laws; clarifying certain provisions for the new felony sentencing system; making technical corrections to sentencing statutes; regulating crimes in certain shopping areas; making knowing transfer of HIV virus a felony; increasing parental liability; limiting right to refuse blood testing; appropriating money; amending Minnesota Statutes 1992, sections 8.16, subdivision 1; 13.87, subdivision 2; 16B.08, subdivision 7; 127.03, subdivision 3; 144.765; 144A.04, subdivisions 4 and 6; 144A.11, subdivision 3a; 144B.08, subdivision 3; 152.01, by adding a subdivision; 152.021, subdivision 3; 152.022, subdivisions 1, 2, and 3; 152.023, subdivisions 2 and 3; 152.024, subdivisions 1 and 3; 152.025, subdivision 3; 152.026; 152.0971, subdivisions 1, 3, and by adding subdivisions; 152.0972, subdivision 1; 152.0973, subdivisions 2, 3, and by adding a subdivision; 152.0974; 152.18, subdivision 1; 168.346; 169.121, subdivision 3a; 169.222, subdivisions 1 and 6; 169.64, subdivision 3; 169.98, subdivision 1a; 214.10, by adding subdivisions; 238.16, subdivision 2; 241.09; 241.26, subdivision 5; 241.67, subdivision 2; 243.166, subdivision 1; 243.23, subdivision 3; 244.01, subdivision 8, and by adding a subdivision; 244.05, subdivisions 1b, 4, 5, and by adding a subdivision; 244.065; 244.101; 244.14, subdivisions 2, 3, and 3; 244.15, subdivision 1; 244.17, subdivision 3; 244.171, subdivisions 3 and 4; 244.172, subdivisions 1 and 2; 260.185, subdivisions 1 and 1a; 260.193, subdivision 8; 260.251, subdivision 1; 299A.35, subdivision 2; 299C.46, by adding a subdivision; 299D.03, subdivision 1; 299D.06; 299F.04, by adding a subdivision; 299F.815, subdivision 1; 388.23, subdivision 1; 390.11, by adding a subdivision; 390.32, by adding a subdivision; 401.02, subdivision 4; 473.386, by adding a subdivision; 480.0591, subdivision 6; 480.30; 485.018, subdivision 5; 518B.01, subdivisions 2, 3, 6, 7, 9, and 14; 540.18, subdivision 1; 541.15; 609.02, subdivision 6; 609.0341, subdivision 1; 609.035; 609.05, subdivision 1; 609.06; 609.101, subdivisions 2, 3, and 4; 609.11; 609.135, subdivisions 1, 1a, and 2; 609.1352, subdivision 1; 609.14, subdivision 1; 609.15, subdivision 2; 609.152, subdivisions 1 and 2; 609.175, subdivision 2, and by adding a subdivision; 609.184, subdivision 2; 609.196; 609.224, subdivision 2; 609.229, subdivision 3; 609.251; 609.341, subdivisions 10, 17, 18, and 19; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2, 2b, and 5; 609.3461; 609.378, subdivision 1; 609.494; 609.495; 609.505; 609.531, subdivision 1; 609.5314, subdivision 1; 609.562; 609.563, subdivision 1; 609.576, subdivision 1; 609.582, subdivision 1a; 609.585; 609.605, subdivision 1, and by adding a subdivision; 609.66, subdivisions 1, 1a, and by adding subdivisions; 609.67, subdivisions 1 and 2; 609.686; 609.71; 609.713, subdivision 1; 609.746, by adding a subdivision; 609.748, subdivisions 1, 2, 3, 5, 6, 8, and by adding subdivisions; 609.79, subdivision 1; 609.795, subdivision 1; 609.856, subdivision 1; 609.891, subdivision 2; 609.902, subdivision 4; 611A.02, subdivision 2; 611A.031; 611A.0315; 611A.04, subdivisions 1, 1a, 3, and by adding a subdivision; 611A.06, subdivision 1; 611A.52, subdivisions 5, 8, and 9; 611A.57, subdivisions 2, 3, and 5; 611A.66; 624.711; 624.712, subdivisions 5, 6, and by adding a subdivision; 624.713; 624.7131, subdivisions 1, 4, and 10; 624.7132; 626.05, subdivision 2; 626.13; 626.556, subdivision 10; 626.8451, subdivision 1a; 626A.05, subdivision 1; 626A.06, subdivisions 4, 5, and 6; 626A.10, subdivision 1; 626A.11, subdivision 1; 628.26; 629.291, subdivision 1; 629.34, subdivision 1; 629.341, subdivision 1; 629.342, subdivision 2; 629.72; 631.046, subdivision 1; 631.41; and 641.14; Laws 1991, chapter 279, section 41; Laws 1992, chapter 571, article 7, section 13, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 121; 152; 169; 174; 242; 260; 401; 473; 593; 609; 611A; and 624; repealing Minnesota Statutes 1992, sections 152.0973, subdivision 4; 214.10, subdivisions 4, 5, 6, and 7; 241.25; 609.02, subdivisions 12 and 13; 609.131, subdivision 1a; 609.605, subdivision 3; 609.746, subdivisions 2 and 3; 609.747; 609.79, subdivision 1a; 609.795, subdivision 2; 611A.57, subdivision 1; and 629.40, subdivision 5.

May 14, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1585, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1585 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

SAFE STREETS AND SCHOOLS

Section 1. [121.207] [REPORTS OF DANGEROUS WEAPON INCIDENTS IN SCHOOL ZONES.]

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

- (1) "dangerous weapon" has the meaning given it in section 609.02, subdivision 6;
- (2) "school" has the meaning given it in section 120.101, subdivision 4; and
- (3) "school zone" has the meaning given it in section 152.01, subdivision 14a, clauses (1) and (3).

Subd. 2. [REPORTS; CONTENT.] On or before January 1, 1994, the commissioner of education, in consultation with the criminal and juvenile information policy group, shall develop a standardized form to be used by schools to report incidents involving the use or possession of a dangerous weapon in school zones. The form shall include the following information:

- (1) a description of each incident, including a description of the dangerous weapon involved in the incident;
- (2) where, at what time, and under what circumstances the incident occurred;
- (3) information about the offender, other than the offender's name, including the offender's age; whether the offender was a student and, if so, where the offender attended school; and whether the offender was under school expulsion or suspension at the time of the incident;
- (4) information about the victim other than the victim's name, if any, including the victim's age; whether the victim was a student and, if so, where the victim attended school; and if the victim was not a student, whether the victim was employed at the school;
- (5) the cost of the incident to the school and to the victim; and
- (6) the action taken by the school administration to respond to the incident.

Subd. 3. [REPORTS; FILING REQUIREMENTS.] By February 1 and July 1 of each year, each school shall report incidents involving the use or possession of a dangerous weapon in school zones to the commissioner of education. The reports shall be made on the standardized forms developed by the commissioner under subdivision 2. The commissioner shall compile the information it receives from the schools and report it annually to the commissioner of public safety, the criminal and juvenile information policy group, and the legislature.

Sec. 2. Minnesota Statutes 1992, section 260.185, subdivision 1a, is amended to read:

Subd. 1a. [POSSESSION OF FIREARM OR DANGEROUS WEAPON.] If the child is petitioned and found delinquent by the court, and the court also finds that the child was in possession of a firearm at the time of the offense, in addition to any other disposition the court shall order that the firearm be immediately seized and shall order that the child be required to serve at least 100 hours of community work service unless the child is placed in a residential treatment program or a juvenile correctional facility. If the child is petitioned and found delinquent by the court, and the court finds that the child was in possession of a dangerous weapon in a school zone, as defined in section 152.01, subdivision 14a, clauses (1) and (3), at the time of the offense, the court also shall order that the child's driver's license be canceled or driving privileges denied until the child's 18th birthday. The court shall send a copy of its order to the commissioner of public safety and, upon receipt of the order, the commissioner is authorized to cancel the child's driver's license or deny the child's driving privileges without a hearing.

Sec. 3. [471.635] [ZONING ORDINANCES.]

Notwithstanding section 471.633, a governmental subdivision may regulate by reasonable, nondiscriminatory, and nonarbitrary zoning ordinances, the location of businesses where firearms are sold by a firearms dealer.

Sec. 4. Minnesota Statutes 1992, section 609.06, is amended to read:

609.06 [AUTHORIZED USE OF FORCE.]

Reasonable force may be used upon or toward the person of another without the other's consent when the following circumstances exist or the actor reasonably believes them to exist:

- (1) When used by a public officer or one assisting a public officer under the public officer's direction:
 - (a) In effecting a lawful arrest; or
 - (b) In the execution of legal process; or
 - (c) In enforcing an order of the court; or
 - (d) In executing any other duty imposed upon the public officer by law; or
- (2) When used by a person not a public officer in arresting another in the cases and in the manner provided by law and delivering the other to an officer competent to receive the other into custody; or
- (3) When used by any person in resisting or aiding another to resist an offense against the person; or
- (4) When used by any person in lawful possession of real or personal property, or by another assisting the person in lawful possession, in resisting a trespass upon or other unlawful interference with such property; or
- (5) When used by any person to prevent the escape, or to retake following the escape, of a person lawfully held on a charge or conviction of a crime; or
- (6) When used by a parent, guardian, teacher or other lawful custodian of a child or pupil, in the exercise of lawful authority, to restrain or correct such child or pupil; or
- (7) When used by a school employee or school bus driver, in the exercise of lawful authority, to restrain a child or pupil, or to prevent bodily harm or death to another; or
- (8) When used by a common carrier in expelling a passenger who refuses to obey a lawful requirement for the conduct of passengers and reasonable care is exercised with regard to the passenger's personal safety; or
- ~~(8)~~ (9) When used to restrain a mentally ill or mentally defective person from self-injury or injury to another or when used by one with authority to do so to compel compliance with reasonable requirements for the person's control, conduct or treatment; or
- ~~(9)~~ (10) When used by a public or private institution providing custody or treatment against one lawfully committed to it to compel compliance with reasonable requirements for the control, conduct or treatment of the committed person.

Sec. 5. Minnesota Statutes 1992, section 609.531, is amended to read:

609.531 [FORFEITURES.]

Subdivision 1. [DEFINITIONS.] For the purpose of sections 609.531 to ~~609.5317~~ 609.5318, the following terms have the meanings given them.

- (a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.
- (b) "Weapon used" means a weapon used in the furtherance of a crime and defined as a dangerous weapon under section 609.02, subdivision 6.
- (c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the bureau of criminal apprehension, the Minnesota state patrol, a county sheriff's department, the suburban Hennepin regional park district park rangers, the department of natural resources division of enforcement, the University of Minnesota police department, or a city or airport police department.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter;

(2) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.631; 609.66, subdivision 1e; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 617.246; or a gross misdemeanor or felony violation of section 609.891 or 624.7181.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

Subd. 1a. [CONSTRUCTION.] Sections 609.531 to ~~609.5317~~ 609.5318 must be liberally construed to carry out the following remedial purposes:

(1) to enforce the law;

(2) to deter crime;

(3) to reduce the economic incentive to engage in criminal enterprise;

(4) to increase the pecuniary loss resulting from the detection of criminal activity; and

(5) to forfeit property unlawfully used or acquired and divert the property to law enforcement purposes.

Subd. 4. [SEIZURE.] Property subject to forfeiture under sections 609.531 to ~~609.5317~~ 609.5318 may be seized by the appropriate agency upon process issued by any court having jurisdiction over the property. Property may be seized without process if:

(1) the seizure is incident to a lawful arrest or a lawful search;

(2) the property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding under this chapter; or

(3) the appropriate agency has probable cause to believe that the delay occasioned by the necessity to obtain process would result in the removal or destruction of the property and that:

(i) the property was used or is intended to be used in commission of a felony; or

(ii) the property is dangerous to health or safety.

If property is seized without process under clause (3), subclause (i), the county attorney must institute a forfeiture action under section 609.5313 as soon as is reasonably possible.

Subd. 5. [RIGHT TO POSSESSION VESTS IMMEDIATELY; CUSTODY OF SEIZED PROPERTY.] All right, title, and interest in property subject to forfeiture under sections 609.531 to ~~609.5317~~ 609.5318 vests in the appropriate agency upon commission of the act or omission giving rise to the forfeiture. Any property seized under sections 609.531 to ~~609.5316~~ 609.5318 is not subject to replevin, but is deemed to be in the custody of the appropriate agency subject to the orders and decrees of the court having jurisdiction over the forfeiture proceedings. When property is so seized, the appropriate agency may:

(1) place the property under seal;

- (2) remove the property to a place designated by it;
- (3) in the case of controlled substances, require the state board of pharmacy to take custody of the property and remove it to an appropriate location for disposition in accordance with law; and
- (4) take other steps reasonable and necessary to secure the property and prevent waste.

Subd. 5a. [BOND BY OWNER FOR POSSESSION.] If the owner of property that has been seized under sections 609.531 to ~~609.5317~~ 609.5318 seeks possession of the property before the forfeiture action is determined, the owner may, subject to the approval of the appropriate agency, give security or post bond payable to the appropriate agency in an amount equal to the retail value of the seized property. On posting the security or bond, the seized property must be returned to the owner and the forfeiture action shall proceed against the security as if it were the seized property. This subdivision does not apply to contraband property.

Subd. 6a. [FORFEITURE A CIVIL PROCEDURE; CONVICTION RESULTS IN PRESUMPTION.] (a) An action for forfeiture is a civil in rem action and is independent of any criminal prosecution, except as provided in this subdivision and section 609.5318. The appropriate agency handling the forfeiture has the benefit of the evidentiary presumption of section 609.5314, subdivision 1, but otherwise bears the burden of proving the act or omission giving rise to the forfeiture by clear and convincing evidence, except that in cases arising under section 609.5312, the designated offense may only be established by a felony-level criminal conviction.

(b) A court may not issue an order of forfeiture under section 609.5311 while the alleged owner of the property is in custody and related criminal proceedings are pending against the alleged owner. For forfeiture of a motor vehicle, the alleged owner is the registered owner according to records of the department of public safety. For real property, the alleged owner is the owner of record. For other property, the alleged owner is the person notified by the prosecuting authority in filing the forfeiture action.

Sec. 6. Minnesota Statutes 1992, section 609.5311, subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS ON FORFEITURE OF CERTAIN PROPERTY ASSOCIATED WITH CONTROLLED SUBSTANCES.] (a) A conveyance device is subject to forfeiture under this section only if the retail value of the controlled substance is \$25 or more and the conveyance device is associated with a felony-level controlled substance crime.

(b) Real property is subject to forfeiture under this section only if the retail value of the controlled substance or contraband is \$1,000 or more.

(c) Property used by any person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section only if the owner of the property is a consenting party to, or is privy to, the use or intended use of the property as described in subdivision 2.

(d) Property is subject to forfeiture under this section only if its owner was privy to the use or intended use described in subdivision 2, or the unlawful use or intended use of the property otherwise occurred with the owner's knowledge or consent.

(e) Forfeiture under this section of a conveyance device or real property encumbered by a bona fide security interest is subject to the interest of the secured party unless the secured party had knowledge of or consented to the act or omission upon which the forfeiture is based. A person claiming a security interest bears the burden of establishing that interest by clear and convincing evidence.

(f) Notwithstanding paragraphs (d) and (e), property is not subject to forfeiture based solely on the owner's or secured party's knowledge of the unlawful use or intended use of the property if: (1) if the owner or secured party took reasonable steps to terminate use of the property by the offender; or (2) the property is real property owned by the parent of the offender, unless the parent actively participated in, or knowingly acquiesced to, a violation of chapter 152, or the real property constitutes proceeds derived from or traceable to a use described in subdivision 2.

Sec. 7. Minnesota Statutes 1992, section 609.5312, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS ON FORFEITURE OF PROPERTY ASSOCIATED WITH DESIGNATED OFFENSES.] (a) Property used by a 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 commission of a designated offense.

(b) Property is subject to forfeiture under this ~~subdivision~~ section only if the owner was privy to the act or omission upon which the forfeiture is based, or the act or omission occurred with the owner's knowledge or consent.

(c) Property encumbered by a bona fide security interest is subject to the interest of the secured party unless the 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.

(d) Notwithstanding paragraphs (b) and (c), property is not subject to forfeiture based solely on the owner's or secured party's knowledge of the act or omission upon which the forfeiture is based if the owner or secured party took reasonable steps to terminate use of the property by the offender.

Sec. 8. Minnesota Statutes 1992, 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 controlled substances with a retail value of \$100 or more if possession or sale of the controlled substance would be a felony under chapter 152; and

(3) all firearms, ammunition, and firearm accessories found:

(i) in a conveyance device used or intended for use to commit or facilitate the commission of a felony offense involving a controlled substance;

(ii) on or in proximity to a person from whom a felony amount of controlled substance is seized; or

(iii) on the premises where a controlled substance is seized and in proximity to the controlled substance, if possession or sale of the controlled substance would be a felony under chapter 152.

(b) A claimant of the property bears the burden to rebut this presumption.

Sec. 9. Minnesota Statutes 1992, section 609.5314, subdivision 3, is amended to read:

Subd. 3. [JUDICIAL DETERMINATION.] (a) Within 60 days following service of a notice of seizure and forfeiture under this section, a claimant may file a demand for a judicial determination of the forfeiture. The demand must be in the form of a civil complaint and must be filed with the court administrator in the county in which the seizure occurred, together with proof of service of a copy of the complaint on the county attorney for that county, and the standard filing fee for civil actions unless the petitioner has the right to sue in forma pauperis under section 563.01. If the value of the seized property is less than \$500, the claimant may file an action in conciliation court for recovery of the seized property without paying the conciliation court filing fee. No responsive pleading is required of the county attorney and no court fees may be charged for the county attorney's appearance in the matter. The proceedings are governed by the rules of civil procedure.

(b) The complaint must be captioned in the name of the claimant as plaintiff; and the seized property as defendant, and must state with specificity the grounds on which the claimant alleges the property was improperly seized and ~~stating~~ the plaintiff's interest in the property seized. Notwithstanding any law to the contrary, an action for the return of property seized under this section may not be maintained by or on behalf of any person who has been served with a notice of seizure and forfeiture unless the person has complied with this subdivision.

(c) If the claimant makes a timely demand for judicial determination under this subdivision, the appropriate agency must conduct the forfeiture under section 609.531, subdivision 6a.

(d) If a demand for judicial determination of an administrative forfeiture is filed under this subdivision and the court orders the return of the seized property, the court shall order that filing fees be reimbursed to the person who filed the demand. In addition, the court may order the payment of reasonable costs, expenses, and attorney fees under section 549.21, subdivision 2. If the court orders payment of these costs, they must be paid from forfeited money or proceeds from the sale of forfeited property from the appropriate law enforcement and prosecuting agencies in the same proportion as they would be distributed under section 609.5315, subdivision 5.

Sec. 10. Minnesota Statutes 1992, section 609.5315, subdivision 1, is amended to read:

Subdivision 1. [DISPOSITION.] If the court finds under section 609.5313, ~~or~~ 609.5314, or 609.5318 that the property is subject to forfeiture, it 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. 11. Minnesota Statutes 1992, section 609.5315, subdivision 2, is amended to read:

Subd. 2. [DISPOSITION OF ADMINISTRATIVELY FORFEITED PROPERTY.] If property is forfeited administratively under section 609.5314 or 609.5318 and no demand for judicial determination is made, the appropriate agency may dispose of the property in any of the ways listed in subdivision 1.

Sec. 12. Minnesota Statutes 1992, section 609.5315, subdivision 4, is amended to read:

Subd. 4. [DISTRIBUTION OF PROCEEDS OF THE OFFENSE.] Property that consists of proceeds derived from or traced to the commission of a designated offense or a violation of section 609.66, subdivision 1e, must be applied first to payment of seizure, storage, forfeiture, and sale expenses, and to satisfy valid liens against the property; and second, to any court-ordered restitution before being disbursed as provided under subdivision 5.

Sec. 13. [609.5318] [FORFEITURE OF VEHICLES USED IN DRIVE-BY SHOOTINGS.]

Subdivision 1. [MOTOR VEHICLES SUBJECT TO FORFEITURE.] A motor vehicle is subject to forfeiture under this section if the prosecutor establishes by clear and convincing evidence that the vehicle was used in a violation of section 609.66, subdivision 1e. The prosecutor need not establish that any individual was convicted of the violation, but a conviction of the owner for a violation of section 609.66, subdivision 1e, creates a presumption that the device was used in the violation.

Subd. 2. [NOTICE.] The registered owner of the vehicle must be notified of the seizure and intent to forfeit the vehicle within seven days after the seizure. Notice by certified mail to the address shown in department of public safety records is deemed to be sufficient notice to the registered owner. Notice must be given in the manner required by section 609.5314, subdivision 2, paragraph (b), and must specify that a request for a judicial determination of the forfeiture must be made within 60 days following the service of the notice. If related criminal proceedings are pending, the notice must also state that a request for a judicial determination of the forfeiture must be made within 60 days following the conclusion of those proceedings.

Subd. 3. [HEARING] (a) Within 60 days following service of a notice of seizure and forfeiture, a claimant may demand a judicial determination of the forfeiture. If a related criminal proceeding is pending, the 60-day period begins to run at the conclusion of those proceedings. The demand must be in the form of a civil complaint as provided in section 609.5314, subdivision 3, except as otherwise provided in this section.

(b) If the claimant makes a timely demand for judicial determination under this subdivision, the appropriate agency must conduct the forfeiture under subdivision 4.

Subd. 4. [PROCEDURE.] (a) If a judicial determination of the forfeiture is requested, a separate complaint must be filed against the vehicle, stating the specific act giving rise to the forfeiture and the date, time, and place of the act. The action must be captioned in the name of the county attorney or the county attorney's designee as plaintiff and the property as defendant.

(b) If a demand for judicial determination of an administrative forfeiture is filed and the court orders the return of the seized property, the court shall order that filing fees be reimbursed to the person who filed the demand. In addition, the court may order the payment of reasonable costs, expenses, attorney fees, and towing and storage fees. If the court orders payment of these costs, they must be paid from forfeited money or proceeds from the sale of forfeited property from the appropriate law enforcement and prosecuting agencies in the same proportion as they would be distributed under section 609.5315, subdivision 5.

Subd. 5. [LIMITATIONS.] (a) A vehicle used by a 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 is a consenting party to, or is privy to, the commission of the act giving rise to the forfeiture.

(b) A vehicle is subject to forfeiture under this section only if the registered owner was privy to the act upon which the forfeiture is based, the act occurred with the owner's knowledge or consent, or the act occurred due to the owner's gross negligence in allowing another to use the vehicle.

(c) A vehicle encumbered by a bona fide security interest is subject to the interest of the secured party unless the party had knowledge of or consented to the act upon which the forfeiture is based. A person claiming a security interest bears the burden of establishing that interest by clear and convincing evidence.

Sec. 14. Minnesota Statutes 1992, section 609.605, is amended by adding a subdivision to read:

Subd. 4. [TRESPASSES ON SCHOOL PROPERTY.] (a) It is a misdemeanor for a person to enter or be found in a public or nonpublic elementary, middle, or secondary school building unless the person:

(1) is an enrolled student in, a parent or guardian of an enrolled student in, or an employee of the school or school district;

(2) has permission or an invitation from a school official to be in the building;

(3) is attending a school event, class, or meeting to which the person, the public, or a student's family is invited;
or

(4) has reported the person's presence in the school building in the manner required for visitors to the school.

(b) It is a misdemeanor for a person to enter or be found on school property within six months after being told by the school principal or the principal's designee to leave the property and not to return, unless the principal or the principal's designee has given the person permission to return to the property. As used in this paragraph, "school property" has the meaning given in section 152.01, subdivision 14a, clauses (1) and (3).

(c) A school principal or a school employee designated by the school principal to maintain order on school property, who has reasonable cause to believe that a person is violating this subdivision may detain the person in a reasonable manner for a reasonable period of time pending the arrival of a peace officer. A school principal or designated school employee is not civilly or criminally liable for any action authorized under this paragraph if the person's action is based on reasonable cause.

(d) A peace officer may arrest a person without a warrant if the officer has probable cause to believe the person violated this subdivision within the preceding four hours. The arrest may be made even though the violation did not occur in the peace officer's presence.

Sec. 13. Minnesota Statutes 1992, section 609.66, subdivision 1a, is amended to read:

Subd. 1a. [FELONY CRIMES; SILENCERS PROHIBITED; RECKLESS DISCHARGE.] (a) Whoever does any of the following is guilty of a felony and may be sentenced as provided in paragraph (b):

(1) sells or has in possession any device designed to silence or muffle the discharge of a firearm; or

(2) intentionally discharges a firearm under circumstances that endanger the safety of another; or

(3) recklessly discharges a firearm within a municipality.

(b) A person convicted under paragraph (a) may be sentenced as follows:

(1) if the act was committed in a public housing zone, as defined in section 152.01, subdivision 19, a school zone, as defined in section 152.01, subdivision 14a, or a park zone, as defined in section 152.01, subdivision 12a, to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both; or

(2) otherwise, to imprisonment for not more than two years or to payment of a fine of not more than \$5,000, or both.

Sec. 16. Minnesota Statutes 1992, section 609.66, is amended by adding a subdivision to read:

Subd. 1d. [FELONY; POSSESSION ON SCHOOL PROPERTY.] (a) Whoever possesses, stores, or keeps a dangerous weapon as defined in section 609.02, subdivision 6, on school property is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than \$5,000, or both.

(b) As used in this subdivision, "school property" means:

(1) a public or private elementary, middle, or secondary school building and its grounds, whether leased or owned by the school; and

(2) the area within a school bus when that bus is being used to transport one or more elementary, middle, or secondary school students.

(c) This subdivision does not apply to:

(1) licensed peace officers, military personnel, or students participating in military training, who are performing official duties;

(2) persons who carry pistols according to the terms of a permit;

(3) persons who keep or store in a motor vehicle pistols in accordance with sections 624.714 and 624.715 or other firearms in accordance with section 97B.045;

(4) firearm safety or marksmanship courses or activities conducted on school property;

(5) possession of dangerous weapons by a ceremonial color guard;

(6) a gun or knife show held on school property; or

(7) possession of dangerous weapons with written permission of the principal.

Sec. 17. Minnesota Statutes 1992, section 609.66, is amended by adding a subdivision to read:

Subd. 1e. [FELONY; DRIVE-BY SHOOTING.] (a) Whoever, while in or having just exited from a motor vehicle, recklessly discharges a firearm at or toward a person, another motor vehicle, or a building 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 \$6,000, or both. If the vehicle or building is occupied, the 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.

(b) For purposes of this subdivision, "motor vehicle" has the meaning given in section 609.52, subdivision 1, and "building" has the meaning given in section 609.581, subdivision 2.

Sec. 18. [609.666] [NEGLIGENT STORAGE OF FIREARMS.]

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

(a) "Firearm" means a device designed to be used as a weapon, from which is expelled a projectile by the force of any explosion or force of combustion.

(b) "Child" means a person under the age of 14 years.

(c) "Loaded" means the firearm has ammunition in the chamber or magazine, if the magazine is in the firearm, unless the firearm is incapable of being fired by a child who is likely to gain access to the firearm.

Subd. 2. [ACCESS TO FIREARMS.] A person is guilty of a gross misdemeanor who negligently stores or leaves a loaded firearm in a location where the person knows, or reasonably should know, that a child is likely to gain access, unless reasonable action is taken to secure the firearm against access by the child.

Subd. 3. [LIMITATIONS.] Subdivision 2 does not apply to a child's access to firearms that was obtained as a result of an unlawful entry.

Sec. 19. Minnesota Statutes 1992, section 609.67, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION DEFINITIONS.] (a) "Machine gun" means any firearm designed to discharge, or capable of discharging automatically more than once by a single function of the trigger.

(b) "Shotgun" means a weapon designed, redesigned, made or remade which is intended to be fired from the shoulder and uses the energy of the explosive in a fixed shotgun shell to fire through a smooth bore either a number of ball shot or a single projectile for each single pull of the trigger.

(c) "Short-barreled shotgun" means a shotgun having one or more barrels less than 18 inches in length and any weapon made from a shotgun if such weapon as modified has an overall length less than 26 inches.

(d) "Trigger activator" means a removable manual or power driven trigger activating device constructed and designed so that, when attached to a firearm, the rate at which the trigger may be pulled increases and the rate of fire of the firearm increases to that of a machine gun.

(e) "Machine gun conversion kit" means any part or combination of parts designed and intended for use in converting a weapon into a machine gun, and any combination of parts from which a machine gun can be assembled, but does not include a spare or replacement part for a machine gun that is possessed lawfully under section 609.67, subdivision 1.

Sec. 20. Minnesota Statutes 1992, section 609.67, subdivision 2, is amended to read:

Subd. 2. [ACTS PROHIBITED.] Except as otherwise provided herein, whoever owns, possesses, or operates a machine gun, any trigger activator or machine gun conversion kit, or a short-barreled shotgun 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. 21. [609.672] [PERMISSIVE INFERENCE; FIREARMS IN AUTOMOBILES.]

The presence of a firearm in a passenger automobile permits the factfinder to infer knowing possession of the firearm by the driver or person in control of the automobile when the firearm was in the automobile. The inference does not apply:

(1) to a licensed operator of an automobile who is at the time operating it for hire in the lawful and proper pursuit of the operator's trade;

(2) to any person in the automobile if one of them legally possesses a firearm; or

(3) when the firearm is concealed on the person of one of the occupants.

Sec. 22. Minnesota Statutes 1992, section 624.711, is amended to read:

624.711 [DECLARATION OF POLICY.]

It is not the intent of the legislature to regulate shotguns, rifles and other longguns of the type commonly used for hunting and not defined as pistols or semiautomatic military-style assault weapons, or to place costs of administration upon those citizens who wish to possess or carry pistols or semiautomatic military-style assault weapons lawfully, or to confiscate or otherwise restrict the use of pistols or semiautomatic military-style assault weapons by law-abiding citizens.

Sec. 23. Minnesota Statutes 1992, 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, terroristic threats, 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 of a firearm, 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 or short-barreled shotgun, 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. 24. Minnesota Statutes 1992, section 624.712, subdivision 6, is amended to read:

Subd. 6. "Transfer" means a sale, gift, loan, assignment or other delivery to another, whether or not for consideration, of a pistol or semiautomatic military-style assault weapon or the frame or receiver of a pistol or semiautomatic military-style assault weapon.

Sec. 25. Minnesota Statutes 1992, section 624.712, is amended by adding a subdivision to read:

Subd. 7. "Semiautomatic military-style assault weapon" means:

(1) any of the following firearms:

(i) Avtomat Kalashnikov (AK-47) semiautomatic rifle type;

(ii) Beretta AR-70 and BM-59 semiautomatic rifle types;

(iii) Colt AR-15 semiautomatic rifle type;

(iv) Daewoo Max-1 and Max-2 semiautomatic rifle types;

(v) Famas MAS semiautomatic rifle type;

(vi) Fabrique Nationale FN-LAR and FN-FNC semiautomatic rifle types;

(vii) Galil semiautomatic rifle type;

(viii) Heckler & Koch HK-91, HK-93, and HK-94 semiautomatic rifle types;

(ix) Ingram MAC-10 and MAC-11 semiautomatic pistol and carbine types;

(x) Intratec TEC-9 semiautomatic pistol type;

(xi) Sigarms SIG 550SP and SIG 551SP semiautomatic rifle types;

(xii) SKS with detachable magazine semiautomatic rifle type;

(xiii) Steyr AUG semiautomatic rifle type;

(xiv) Street Sweeper and Striker-12 revolving-cylinder shotgun types;

(xv) USAS-12 semiautomatic shotgun type;

(xvi) Uzi semiautomatic pistol and carbine types; or

(xvii) Valmet M76 and M78 semiautomatic rifle types;

(2) any firearm that is another model made by the same manufacturer as one of the firearms listed in clause (1), and has the same action design as one of the listed firearms, and is a redesigned, renamed, or renumbered version of one of the firearms listed in clause (1), or has a slight modification or enhancement, including but not limited to a folding or retractable stock; adjustable sight; case deflector for left-handed shooters; shorter barrel; wooden, plastic, or metal stock; larger clip size; different caliber; or a bayonet mount; and

(3) any firearm that has been manufactured or sold by another company under a licensing agreement with a manufacturer of one of the firearms listed in clause (1) entered into after the effective date of this act to manufacture or sell firearms that are identical or nearly identical to those listed in clause (1), or described in clause (2), regardless of the company of production or country of origin.

The weapons listed in clause (1), except those listed in items (iii), (ix), (x), (xiv), and (xv), are the weapons the importation of which was barred by the Bureau of Alcohol, Tobacco, and Firearms of the United States Department of the Treasury in July 1989.

Except as otherwise specifically provided in paragraph (d), a firearm is not a "semiautomatic military-style assault weapon" if it is generally recognized as particularly suitable for or readily adaptable to sporting purposes under United States Code, title 18, section 925, paragraph (d)(3), or any regulations adopted pursuant to that law.

Sec. 26. Minnesota Statutes 1992, section 624.712, is amended by adding a subdivision to read:

Subd. 8. [INCLUDED WEAPONS.] By August 1, 1993, and annually thereafter, the superintendent of the bureau of criminal apprehension shall publish a current authoritative list of the firearms included within the definition of "semiautomatic military-style assault weapon" under this section. Dealers, purchasers, and other persons may rely on the list in complying with this chapter.

Sec. 27. Minnesota Statutes 1992, section 624.713, is amended to read:

624.713 [CERTAIN PERSONS NOT TO HAVE PISTOLS OR SEMIAUTOMATIC MILITARY-STYLE ASSAULT WEAPONS; PENALTY.]

Subdivision 1. [INELIGIBLE PERSONS.] The following persons shall not be entitled to possess a pistol or semiautomatic military-style assault weapon:

(a) a person under the age of 18 years except that a person under 18 may carry or possess a pistol or semiautomatic military-style assault weapon (i) in the actual presence or under the direct supervision of the person's parent or guardian, (ii) for the purpose of military drill under the auspices of a legally recognized military organization and under competent supervision, (iii) for the purpose of instruction, competition, or target practice on a firing range approved by the chief of police or county sheriff in whose jurisdiction the range is located and under direct supervision; or (iv) if the person has successfully completed a course designed to teach marksmanship and safety with a pistol or semiautomatic military-style assault weapon and approved by the commissioner of natural resources;

(b) a person who has been convicted in this state or elsewhere of a crime of violence unless ten years have elapsed since the person has been restored to civil rights or the sentence has expired, whichever occurs first, and during that time the person has not been convicted of any other crime of violence. For purposes of this section, crime of violence includes crimes in other states or jurisdictions which would have been crimes of violence as herein defined if they had been committed in this state;

(c) a person who is or has ever been confined or committed in Minnesota or elsewhere as a "mentally ill," "mentally retarded," or "mentally ill and dangerous to the public" person as defined in section 253B.02, to a treatment facility, unless the person possesses a certificate of a medical doctor or psychiatrist licensed in Minnesota, or other satisfactory proof that the person is no longer suffering from this disability;

(d) a person who has been convicted in Minnesota or elsewhere ~~for the unlawful use, possession, or sale of a controlled substance other than conviction for possession of a small amount of marijuana, as defined in section 152.01, subdivision 16 of a misdemeanor or gross misdemeanor violation of chapter 152,~~ or a person who is or has ever been hospitalized or committed for treatment for the habitual use of a controlled substance or marijuana, as defined in sections 152.01 and 152.02, unless the person possesses a certificate of a medical doctor or psychiatrist licensed in Minnesota, or other satisfactory proof, that the person has not abused a controlled substance or marijuana during the previous two years;

(e) a person who has been confined or committed to a treatment facility in Minnesota or elsewhere as "chemically dependent" as defined in section 253B.02, unless the person has completed treatment. Property rights may not be abated but access may be restricted by the courts; ~~or~~

(f) a peace officer who is informally admitted to a treatment facility pursuant to section 253B.04 for chemical dependency, unless the officer possesses a certificate from the head of the treatment facility discharging or provisionally discharging the officer from the treatment facility. Property rights may not be abated but access may be restricted by the courts;

(g) a person who has been charged with committing a crime of violence and has been placed in a pretrial diversion program by the court before disposition, until the person has completed the diversion program and the charge of committing the crime of violence has been dismissed; or

(h) a person who has been convicted in another state of committing an offense similar to the offense described in section 609.224 against a family or household member, unless three years have elapsed since the date of conviction and, during that time, the person has not been convicted of any other violation of section 609.224 or a similar law of another state.

A person who issues a certificate pursuant to this subdivision in good faith is not liable for damages resulting or arising from the actions or misconduct with a firearm committed by the individual who is the subject of the certificate.

Subd. 2. [PENALTIES.] A person named in subdivision 1, clause (a) or (b), who possesses a pistol or semiautomatic military-style assault weapon is guilty of a felony. A person named in any other clause of subdivision 1 who possesses a pistol or semiautomatic military-style assault weapon is guilty of a gross misdemeanor.

Subd. 3. [NOTICE TO CONVICTED PERSONS.] (a) When a person is convicted of a crime of violence as defined in section 624.712, subdivision 5, the court shall inform the defendant that the defendant is prohibited from possessing a pistol or semiautomatic military-style assault weapon for a period of ten years after the person was restored to civil rights or since the sentence has expired, whichever occurs first, and that it is a felony offense to violate this prohibition. The failure of the court to provide this information to a defendant does not affect the applicability of the pistol or semiautomatic military-style assault weapon possession prohibition or the felony penalty to that defendant.

(b) When a person is charged with committing a crime of violence and is placed in a pretrial diversion program by the court before disposition, the court shall inform the defendant that: (1) the defendant is prohibited from possessing a pistol or semiautomatic military-style assault weapon until the person has completed the diversion program and the charge of committing a crime of violence has been dismissed; (2) it is a gross misdemeanor offense to violate this prohibition; and (3) if the defendant violates this condition of participation in the diversion program, the charge of committing a crime of violence may be prosecuted. The failure of the court to provide this information to a defendant does not affect the applicability of the pistol or semiautomatic military-style assault weapon possession prohibition or the gross misdemeanor penalty to that defendant.

Sec. 28. Minnesota Statutes 1992, section 624.7131, subdivision 1, is amended to read:

Subdivision 1. [INFORMATION.] Any person may apply for a ~~pistol~~ transferee permit by providing the following information in writing to the chief of police of an organized full time police department of the municipality in which the person resides or to the county sheriff if there is no such local chief of police:

(a) the name, residence, telephone number and driver's license number or nonqualification certificate number, if any, of the proposed transferee;

(b) the sex, date of birth, height, weight and color of eyes, and distinguishing physical characteristics, if any, of the proposed transferee; and

(c) a statement by the proposed transferee that the proposed transferee is not prohibited by section 624.713 from possessing a pistol or semiautomatic military-style assault weapon.

The statement shall be signed by the person applying for a permit. At the time of application, the local police authority shall provide the applicant with a dated receipt for the application.

Sec. 29. Minnesota Statutes 1992, section 624.7131, subdivision 4, is amended to read:

Subd. 4. [GROUNDS FOR DISQUALIFICATION.] A determination by the chief of police or sheriff that the applicant is prohibited by section 624.713 from possessing a pistol or semiautomatic military-style assault weapon shall be the only basis for refusal to grant a transferee permit.

Sec. 30. Minnesota Statutes 1992, section 624.7131, subdivision 10, is amended to read:

Subd. 10. [TRANSFER REPORT NOT REQUIRED.] A person who transfers a pistol or semiautomatic military-style assault weapon to a licensed peace officer, as defined in section 626.84, subdivision 1, exhibiting a valid peace officer identification, or to a person exhibiting a valid transferee permit issued pursuant to this section or a valid permit to carry issued pursuant to section 624.714 is not required to file a transfer report pursuant to section 624.7132, subdivision 1.

Sec. 31. Minnesota Statutes 1992, section 624.7132, is amended to read:

624.7132 [REPORT OF TRANSFER.]

Subdivision 1. [REQUIRED INFORMATION.] Except as provided in this section and section 624.7131, every person who agrees to transfer a pistol or semiautomatic military-style assault weapon shall report the following information in writing to the chief of police of the organized full-time police department of the municipality where the agreement is made or to the appropriate county sheriff if there is no such local chief of police:

(a) the name, residence, telephone number and driver's license number or nonqualification certificate number, if any, of the proposed transferee;

(b) the sex, date of birth, height, weight and color of eyes, and distinguishing physical characteristics, if any, of the proposed transferee;

(c) a statement by the proposed transferee that the transferee is not prohibited by section 624.713 from possessing a pistol or semiautomatic military-style assault weapon; and

(d) the address of the place of business of the transferor.

The report shall be signed by the transferor and the proposed transferee. The report shall be delivered by the transferor to the chief of police or sheriff no later than three days after the date of the agreement to transfer, excluding weekends and legal holidays.

Subd. 2. [INVESTIGATION.] Upon receipt of a transfer report, the chief of police or sheriff shall check criminal histories, records and warrant information relating to the proposed transferee through the Minnesota crime information system.

Subd. 3. [NOTIFICATION.] The chief of police or sheriff shall notify the transferor and proposed transferee in writing as soon as possible if the chief or sheriff determines that the proposed transferee is prohibited by section 624.713 from possessing a pistol or semiautomatic military-style assault weapon. The notification to the transferee shall specify the grounds for the disqualification of the proposed transferee and shall set forth in detail the transferee's right of appeal under subdivision 13.

Subd. 4. [DELIVERY.] Except as otherwise provided in subdivision 7 or 8, no person shall deliver a pistol or semiautomatic military-style assault weapon to a proposed transferee until seven days after the date of the agreement to transfer as stated on the report delivered to a chief of police or sheriff in accordance with subdivision 1 unless the chief of police or sheriff waives all or a portion of the seven day waiting period.

No person shall deliver a pistol or semiautomatic military-style assault weapon to a proposed transferee after receiving a written notification that the chief of police or sheriff has determined that the proposed transferee is prohibited by section 624.713 from possessing a pistol or semiautomatic military-style assault weapon.

If the transferor makes a report of transfer and receives no written notification of disqualification of the proposed transferee within seven days of the date of the agreement to transfer, the pistol or semiautomatic military-style assault weapon may be delivered to the transferee.

Subd. 5. [GROUNDS FOR DISQUALIFICATION.] A determination by the chief of police or sheriff that the proposed transferee is prohibited by section 624.713 from possessing a pistol or semiautomatic military-style assault weapon shall be the sole basis for a notification of disqualification under this section.

Subd. 6. [TRANSFEREE PERMIT.] If a chief of police or sheriff determines that a transferee is not a person prohibited by section 624.713 from possessing a pistol or semiautomatic military-style assault weapon, the transferee may, within 30 days after the determination, apply to that chief of police or sheriff for a transferee permit, and the permit shall be issued.

Subd. 7. [IMMEDIATE TRANSFERS.] The chief of police or sheriff may waive all or a portion of the seven day waiting period for a transfer.

Subd. 8. [REPORT NOT REQUIRED.] (1) If the proposed transferee presents a valid transferee permit issued under section ~~624.714, subdivision 9~~ 624.7131 or a valid permit to carry issued under section 624.714, or if the transferee is a licensed peace officer, as defined in section 626.84, subdivision 1, who presents a valid peace officer photo identification and badge, the transferor need not file a transfer report.

(2) If the transferor makes a report of transfer and receives no written notification of disqualification of the proposed transferee within seven days of the date of the agreement to transfer, no report or investigation shall be required under this section for any additional transfers between that transferor and that transferee which are made within 30 days of the date on which delivery of the first pistol or semiautomatic military-style assault weapon may be made under subdivision 4.

Subd. 9. [NUMBER OF PISTOLS OR SEMIAUTOMATIC MILITARY-STYLE ASSAULT WEAPONS.] Any number of pistols or semiautomatic military-style assault weapons may be the subject of a single transfer agreement and report to the chief of police or sheriff. Nothing in this section or section 624.7131 shall be construed to limit or restrict the number of pistols or semiautomatic military-style assault weapons a person may acquire.

Subd. 10. [RESTRICTION ON RECORDS.] If, after a determination that the transferee is not a person prohibited by section 624.713 from possessing a pistol or semiautomatic military-style assault weapon, a transferee requests that no record be maintained of the fact of who is the transferee of a pistol or semiautomatic military-style assault weapon, the chief of police or sheriff shall sign the transfer report and return it to the transferee as soon as possible. Thereafter, no government employee or agency shall maintain a record of the transfer that identifies the transferee, and the transferee shall retain the report of transfer.

Subd. 11. [FORMS; COST.] Chiefs of police and sheriffs shall make transfer report forms available throughout the community. There shall be no charge for forms, reports, investigations, notifications, waivers or any other act performed or materials provided by a government employee or agency in connection with a ~~pistol~~ transfer.

Subd. 12. [EXCLUSIONS.] This section shall not apply to transfers of antique firearms as curiosities or for their historical significance or value, transfers to or between federally licensed firearms dealers, transfers by order of court, involuntary transfers, transfers at death or the following transfers:

- (a) A transfer by a person other than a federally licensed firearms dealer;
- (b) A loan to a prospective transferee if the loan is intended for a period of no more than one day;
- (c) The delivery of a pistol or semiautomatic military-style assault weapon to a person for the purpose of repair, reconditioning or remodeling;

(d) A loan by a teacher to a student in a course designed to teach marksmanship or safety with a pistol and approved by the commissioner of natural resources;

(e) A loan between persons at a firearms collectors exhibition;

(f) A loan between persons lawfully engaged in hunting or target shooting if the loan is intended for a period of no more than 12 hours;

(g) A loan between law enforcement officers who have the power to make arrests other than citizen arrests; and

(h) A loan between employees or between the employer and an employee in a business if the employee is required to carry a pistol or semiautomatic military-style assault weapon by reason of employment and is the holder of a valid permit to carry a pistol.

Subd. 13. [APPEAL.] A person aggrieved by the determination of a chief of police or sheriff that the person is prohibited by section 624.713 from possessing a pistol or semiautomatic military-style assault weapon may appeal the determination as provided in this subdivision. In Hennepin and Ramsey counties the municipal court shall have jurisdiction of proceedings under this subdivision. In the remaining counties of the state, the county court shall have jurisdiction of proceedings under this subdivision.

On review pursuant to this subdivision, the court shall be limited to a determination of whether the proposed transferee is a person prohibited from possessing a pistol or semiautomatic military-style assault weapon by section 624.713.

Subd. 14. [TRANSFER TO UNKNOWN PARTY.] (a) No person shall transfer a pistol or semiautomatic military-style assault weapon to another who is not personally known to the transferor unless the proposed transferee presents evidence of identity to the transferor. A person who transfers a pistol or semiautomatic military-style assault weapon in violation of this clause is guilty of a misdemeanor.

(b) No person who is not personally known to the transferor shall become a transferee of a pistol or semiautomatic military-style assault weapon unless the person presents evidence of identity to the transferor. A person who becomes a transferee of a pistol or semiautomatic military-style assault weapon in violation of this clause is guilty of a misdemeanor.

Subd. 15. [PENALTIES.] A person who does any of the following is guilty of a gross misdemeanor:

(a) Transfers a pistol or semiautomatic military-style assault weapon in violation of subdivisions 1 to 13;

(b) Transfers a pistol or semiautomatic military-style assault weapon to a person who has made a false statement in order to become a transferee, if the transferor knows or has reason to know the transferee has made the false statement;

(c) Knowingly becomes a transferee in violation of subdivisions 1 to 13; or

(d) Makes a false statement in order to become a transferee of a pistol or semiautomatic military-style assault weapon knowing or having reason to know the statement is false.

Subd. 16. [LOCAL REGULATION.] This section shall be construed to supersede municipal or county regulation of the transfer of pistols.

Sec. 32. Minnesota Statutes 1992, section 624.714, subdivision 1, is amended to read:

Subdivision 1. [PENALTY.] (a) A person, other than a law enforcement officer who has authority to make arrests other than citizens arrests, who carries, holds or possesses a pistol in a motor vehicle, snowmobile or boat, or on or about the person's clothes or the person, or otherwise in possession or control in a public place or public area without first having obtained a permit to carry the pistol is guilty of a gross misdemeanor. A person who is convicted a second or subsequent time is guilty of a felony.

(b) A person who has been issued a permit and who engages in activities other than those for which the permit has been issued, is guilty of a misdemeanor.

Sec. 33. [624.7162] [FIREARMS DEALERS; SAFETY REQUIREMENTS.]

Subdivision 1. [FIREARMS DEALERS.] For purposes of this section, a firearms dealer is any person who is federally licensed to sell firearms from any location.

Subd. 2. [NOTICE REQUIRED.] In each business location where firearms are sold by a firearms dealer, the dealer shall post in a conspicuous location the following warning in block letters not less than one inch in height: "IT IS UNLAWFUL TO STORE OR LEAVE A LOADED FIREARM WHERE A CHILD CAN OBTAIN ACCESS."

Subd. 3. [FINE.] A person who violates the provisions of this section is guilty of a petty misdemeanor and may be fined not more than \$200.

Sec. 34. [624.7181] [RIFLES AND SHOTGUNS IN PUBLIC PLACES.]

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

(a) "Carry" does not include:

(1) the carrying of a rifle or shotgun to, from, or at a place where firearms are repaired, bought, sold, traded, or displayed, or where hunting, target shooting, or other lawful activity involving firearms occurs, or at funerals, parades, or other lawful ceremonies;

(2) the carrying by a person of a rifle or shotgun that is unloaded and in a gun case expressly made to contain a firearm, if the case fully encloses the firearm by being zipped, snapped, buckled, tied, or otherwise fastened, and no portion of the firearm is exposed;

(3) the carrying of a rifle or shotgun by a person who has a permit under section 624.714;

(4) the carrying of an antique firearm as a curiosity or for its historical significance or value; or

(5) the transporting of a rifle or shotgun in compliance with section 97B.045.

(b) "Public place" means property owned, leased, or controlled by a governmental unit and private property that is regularly and frequently open to or made available for use by the public in sufficient numbers to give clear notice of the property's current dedication to public use but does not include: a person's dwelling house or premises, the place of business owned or managed by the person, or land possessed by the person; a gun show, gun shop, or hunting or target shooting facility; or the woods, fields, or waters of this state where the person is present lawfully for the purpose of hunting or target shooting or other lawful activity involving firearms.

Subd. 2. [GROSS MISDEMEANOR.] Whoever carries a rifle or shotgun on or about the person in a public place is guilty of a gross misdemeanor.

Subd. 3. [EXCEPTIONS.] This section does not apply to officers, employees, or agents of law enforcement agencies or the armed forces of this state or the United States, or private detectives or protective agents, to the extent that these persons are authorized by law to carry firearms and are acting in the scope of official duties.

Sec. 35. [EFFECTIVE DATE.]

Sections 4 to 25 and 27 to 34 are effective August 1, 1993, and apply to crimes committed on or after that date. Section 25 is effective the day following final enactment.

Section 3 is effective the day following final enactment and only applies to zoning of future sites of business locations where firearms are sold by a firearms dealer.

ARTICLE 2

HARASSMENT, STALKING, AND DOMESTIC ABUSE

Section 1. Minnesota Statutes 1992, section 13.99, is amended by adding a subdivision to read:

Subd. 105a. [DATA FOR ASSESSMENT OF OFFENDERS.] Access to data for the purpose of a mental health assessment of a convicted harassment offender is governed by section 609.749, subdivision 6.

Sec. 2. Minnesota Statutes 1992, section 168.346, is amended to read:

168.346 [PRIVACY OF NAME OR RESIDENCE ADDRESS.]

The registered owner of a motor vehicle may request in writing that the owner's residence address or name and residence address be classified as private data on individuals, as defined in section 13.02, subdivision 12. The commissioner shall grant the classification upon receipt of a signed statement by the owner that the classification is required for the safety of the owner or the owner's family, if the statement also provides a valid, existing address where the owner consents to receive service of process. The commissioner shall use the mailing address in place of the residence address in all documents and notices pertaining to the motor vehicle. The residence address or name and residence address and any information provided in the classification request, other than the mailing address, are private data on individuals and may be provided to requesting law enforcement agencies.

Sec. 3. Minnesota Statutes 1992, section 480.30, is amended to read:

480.30 [JUDICIAL TRAINING ON DOMESTIC ABUSE, HARASSMENT, AND STALKING.]

The supreme court's judicial education program ~~on domestic abuse~~ must include ongoing training for district court judges on domestic abuse, harassment, and stalking laws and related civil and criminal court issues. The program must include education on the causes of family violence and culturally responsive approaches to serving victims. The program must emphasize the need for the coordination of court and legal victim advocacy services and include education on domestic abuse programs and policies within law enforcement agencies and prosecuting authorities as well as the court system.

Sec. 4. Minnesota Statutes 1992, section 518B.01, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms shall have the meanings given them:

(a) "Domestic abuse" means: (i) physical harm, bodily injury, assault, or the infliction of fear of imminent physical harm, bodily injury or assault, between family or household members; or (ii) terroristic threats, within the meaning of section 609.713, subdivision 1, or criminal sexual conduct, within the meaning of section 609.342, 609.343, 609.344, or 609.345, committed against a minor family or household member by an adult a family or household member.

(b) "Family or household members" means spouses, former spouses, parents and children, persons related by blood, and persons who are presently residing together or who have resided together in the past, and persons who have a child in common regardless of whether they have been married or have lived together at any time. "Family or household member" also includes a man and woman if the woman is pregnant and the man is alleged to be the father, regardless of whether they have been married or have lived together at any time. Issuance of an order for protection on this ground does not affect a determination of paternity under sections 257.51 to 257.74.

Sec. 5. Minnesota Statutes 1992, section 518B.01, subdivision 3, is amended to read:

Subd. 3. [COURT JURISDICTION.] An application for relief under this section may be filed in the court having jurisdiction over dissolution actions in the county of residence of either party, in the county in which a pending or completed family court proceeding involving the parties or their minor children was brought, or in the county in which the alleged domestic abuse occurred. In a jurisdiction which utilizes referees in dissolution actions, the court or judge may refer actions under this section to a referee to take and report the evidence ~~therein~~ in the action in the same manner and subject to the same limitations ~~as is~~ provided in section 518.13. Actions under this section shall be given docket priorities by the court.

Sec. 6. Minnesota Statutes 1992, section 518B.01, subdivision 6, is amended to read:

Subd. 6. [RELIEF BY THE COURT.] (a) Upon notice and hearing, the court may provide relief as follows:

- (1) restrain the abusing party from committing acts of domestic abuse;
 - (2) exclude the abusing party from the dwelling which the parties share or from the residence of the petitioner;
 - (3) award temporary custody or establish temporary visitation with regard to minor children of the parties on a basis which gives primary consideration to the safety of the victim and the children. Except for cases in which custody is contested, findings under section 257.025, 518.17, or 518.175 are not required. If the court finds that the safety of the victim or the children will be jeopardized by unsupervised or unrestricted visitation, the court shall condition or restrict visitation as to time, place, duration, or supervision, or deny visitation entirely, as needed to guard the safety of the victim and the children. The court's decision on custody and visitation shall in no way delay the issuance of an order for protection granting other reliefs provided for in this section;
 - (4) on the same basis as is provided in chapter 518, establish temporary support for minor children or a spouse, and order the withholding of support from the income of the person obligated to pay the support according to chapter 518;
 - (5) provide upon request of the petitioner counseling or other social services for the parties, if married, or if there are minor children;
 - (6) order the abusing party to participate in treatment or counseling services;
 - (7) award temporary use and possession of property and restrain one or both parties from transferring, encumbering, concealing, or disposing of property except in the usual course of business or for the necessities of life, and to account to the court for all such transfers, encumbrances, dispositions, and expenditures made after the order is served or communicated to the party restrained in open court;
 - (8) exclude the abusing party from the place of employment of the petitioner, or otherwise limit access to the petitioner by the abusing party at the petitioner's place of employment;
 - (9) order the abusing party to pay restitution to the petitioner; and
 - (10) order the continuance of all currently available insurance coverage without change in coverage or beneficiary designation; and
 - (11) order, in its discretion, other relief as it deems necessary for the protection of a family or household member, including orders or directives to the sheriff or constable, as provided by this section.
- (b) Any relief granted by the order for protection shall be for a fixed period not to exceed one year, except when the court determines a longer fixed period is appropriate.
- (c) An order granting the relief authorized in paragraph (a), clause (1), may not be vacated or modified in a proceeding for dissolution of marriage or legal separation, except that the court may hear a motion for modification of an order for protection concurrently with a proceeding for dissolution of marriage upon notice of motion and motion. The notice required by court rule shall not be waived. If the proceedings are consolidated and the motion to modify is granted, a separate order for modification of an order for protection shall be issued.
- (d) An order granting the relief authorized in paragraph (a), clause (2), is not voided by the admittance of the abusing party into the dwelling from which the abusing party is excluded.
- (e) If a proceeding for dissolution of marriage or legal separation is pending between the parties, the court shall provide a copy of the order for protection to the court with jurisdiction over the dissolution or separation proceeding for inclusion in its file.
- (f) An order for restitution issued under this subdivision is enforceable as civil judgment.

Sec. 7. Minnesota Statutes 1992, section 518B.01, subdivision 7, is amended to read:

Subd. 7. [TEMPORARY ORDER.] (a) Where an application under this section alleges an immediate and present danger of domestic abuse, the court may grant an ex parte temporary order for protection, pending a full hearing, and granting relief as the court deems proper, including an order:

- (1) restraining the abusing party from committing acts of domestic abuse;
- (2) excluding any party from the dwelling they share or from the residence of the other except by further order of the court; ~~and~~
- (3) excluding the abusing party from the place of employment of the petitioner or otherwise limiting access to the petitioner by the abusing party at the petitioner's place of employment; and
- (4) continuing all currently available insurance coverage without change in coverage or beneficiary designation.

(b) A finding by the court that there is a basis for issuing an ex parte temporary order for protection constitutes a finding that sufficient reasons exist not to require notice under applicable court rules governing applications for ex parte temporary relief.

(c) An ex parte temporary order for protection shall be effective for a fixed period not to exceed 14 days, except for good cause as provided under paragraph (d). A full hearing, as provided by this section, shall be set for not later than seven days from the issuance of the temporary order. The respondent shall be served forthwith a copy of the ex parte order along with a copy of the petition and notice of the date set for the hearing.

(d) When service is made by published notice, as provided under subdivision 5, the petitioner may apply for an extension of the period of the ex parte order at the same time the petitioner files the affidavit required under that subdivision. The court may extend the ex parte temporary order for an additional period not to exceed 14 days. The respondent shall be served forthwith a copy of the modified ex parte order along with a copy of the notice of the new date set for the hearing.

Sec. 8. Minnesota Statutes 1992, section 518B.01, subdivision 9, is amended to read:

Subd. 9. [ASSISTANCE OF SHERIFF IN SERVICE OR EXECUTION.] When an order is issued under this section upon request of the petitioner, the court shall order the sheriff or constable to accompany the petitioner and assist in placing the petitioner in possession of the dwelling or residence, or otherwise assist in execution or service of the order of protection. If the application for relief is brought in a county in which the respondent is not present, the sheriff shall forward the pleadings necessary for service upon the respondent to the sheriff of the county in which the respondent is present. This transmittal must be expedited to allow for timely service.

Sec. 9. Minnesota Statutes 1992, section 518B.01, subdivision 14, is amended to read:

Subd. 14. [VIOLATION OF AN ORDER FOR PROTECTION.] (a) Whenever an order for protection is granted pursuant to this section, and the respondent or person to be restrained knows of the order, violation of the order for protection is a misdemeanor. Upon conviction, the defendant must be sentenced to a minimum of three days imprisonment and must be ordered to participate in counseling or other appropriate programs selected by the court. If the court stays imposition or execution of the jail sentence and the defendant refuses or fails to comply with the court's treatment order, the court must impose and execute the stayed jail sentence. A person who violates this paragraph within ~~two~~ five years after being discharged from sentence for a previous conviction under this paragraph or within ~~two~~ five years after being discharged from sentence for a previous conviction under a similar law of another state, is guilty of a gross misdemeanor. Upon conviction, the defendant must be sentenced to a minimum of ten days imprisonment and must be ordered to participate in counseling or other appropriate programs selected by the court. Notwithstanding section 609.135, the court must impose and execute the minimum sentence provided in this paragraph for gross misdemeanor convictions.

(b) A peace officer shall arrest without a warrant and take into custody a person whom the peace officer has probable cause to believe has violated an order granted pursuant to this section restraining the person or excluding the person from the residence or the petitioner's place of employment, even if the violation of the order did not take place in the presence of the peace officer, if the existence of the order can be verified by the officer. The person shall be held in custody for at least 36 hours, excluding the day of arrest, Sundays, and holidays, unless the person is released earlier by a judge or judicial officer. A peace officer acting in good faith and exercising due care in making an arrest pursuant to this paragraph is immune from civil liability that might result from the officer's actions.

(c) A violation of an order for protection shall also constitute contempt of court and be subject to the penalties therefor.

(d) If the court finds that the respondent has violated an order for protection and that there is reason to believe that the respondent will commit a further violation of the provisions of the order restraining the respondent from committing acts of domestic abuse or excluding the respondent from the petitioner's residence, the court may require the respondent to acknowledge an obligation to comply with the order on the record. The court may require a bond sufficient to deter the respondent from committing further violations of the order for protection, considering the financial resources of the respondent, and not to exceed \$10,000. If the respondent refuses to comply with an order to acknowledge the obligation or post a bond under this paragraph, the court shall commit the respondent to the county jail during the term of the order for protection or until the respondent complies with the order under this paragraph. The warrant must state the cause of commitment, with the sum and time for which any bond is required. If an order is issued under this paragraph, the court may order the costs of the contempt action, or any part of them, to be paid by the respondent. An order under this paragraph is appealable.

(e) Upon the filing of an affidavit by the petitioner, any peace officer, or an interested party designated by the court, alleging that the respondent has violated any order for protection granted pursuant to this section, the court may issue an order to the respondent, requiring the respondent to appear and show cause within 14 days why the respondent should not be found in contempt of court and punished therefor. The hearing may be held by the court in any county in which the petitioner or respondent temporarily or permanently resides at the time of the alleged violation. The court also ~~may~~ shall refer the violation of the order for protection to the appropriate prosecuting authority for possible prosecution under paragraph (a).

(f) If it is alleged that the respondent has violated an order for protection issued under subdivision 6 and the court finds that the order has expired between the time of the alleged violation and the court's hearing on the violation, the court may grant a new order for protection under subdivision 6 based solely on the respondent's alleged violation of the prior order, to be effective until the hearing on the alleged violation of the prior order. If the court finds that the respondent has violated the prior order, the relief granted in the new order for protection shall be extended for a fixed period, not to exceed one year.

(g) The admittance into petitioner's dwelling of an abusing party excluded from the dwelling under an order for protection is not a violation by the petitioner of the order for protection.

A peace officer is not liable under section 609.43, clause (1), for a failure to perform a duty required by paragraph (b).

Sec. 10. Minnesota Statutes 1992, section 609.13, is amended by adding a subdivision to read:

Subd. 3. [MISDEMEANORS.] If a defendant is convicted of a misdemeanor and is sentenced, or if the imposition of sentence is stayed, and the defendant is thereafter discharged without sentence, the conviction is deemed to be for a misdemeanor for purposes of determining the penalty for a subsequent offense.

Sec. 11. Minnesota Statutes 1992, section 609.224, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANOR.] (a) Whoever violates the provisions of subdivision 1 against the same victim within five years of after being discharged from sentence for a previous conviction under subdivision 1 this section, sections 609.221 to 609.2231, 609.342 to 609.345, or 609.713, or any similar law of another state, is guilty of a gross misdemeanor and may be sentenced to imprisonment for not more than one year or to a payment of a fine of not more than \$3,000, or both. Whoever violates the provisions of subdivision 1 against a family or household member as defined in section 518B.01, subdivision 2, within five years of after being discharged from sentence for a previous conviction under subdivision 1 this section or sections 609.221 to 609.2231, 609.342 to 609.345, or 609.713 against a family or household member, is guilty of a gross misdemeanor 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.

(b) Whoever violates the provisions of subdivision 1 within two years of a previous conviction under ~~subdivision 1~~ this section or sections 609.221 to 609.2231 or 609.713 is guilty of a gross misdemeanor 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.

Sec. 12. Minnesota Statutes 1992, section 609.224, is amended by adding a subdivision to read:

Subd. 4. [FELONY.] (a) Whoever violates the provisions of subdivision 1 against the same victim within five years after being discharged from sentence for the first of two or more previous convictions under this section or sections 609.221 to 609.2231, 609.342 to 609.345, or 609.713 is guilty of a felony and may be sentenced to imprisonment for not more than five years or payment of a fine of not more than \$10,000, or both.

(b) Whoever violates the provisions of subdivision 1 within three years of the first of two or more previous convictions under this section or sections 609.221 to 609.2231 or 609.713 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.

Sec. 13. Minnesota Statutes 1992, section 609.605, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANOR.] (a) The following terms have the meanings given them for purposes of this section.

(i) "Premises" means real property and any appurtenant building or structure.

(ii) "Dwelling" means the building or part of a building used by an individual as a place of residence on either a full-time or a part-time basis. A dwelling may be part of a multidwelling or multipurpose building, or a manufactured home as defined in section 168.011, subdivision 8.

(b) A person is guilty of a misdemeanor if the person intentionally:

(1) permits domestic animals or fowls under the actor's control to go on the land of another within a city;

(2) interferes unlawfully with a monument, sign, or pointer erected or marked to designate a point of a boundary, line or a political subdivision, or of a tract of land;

(3) trespasses on the premises of another and, without claim of right, refuses to depart from the premises on demand of the lawful possessor;

(4) occupies or enters the dwelling of another, without claim of right or consent of the owner or the consent of one who has the right to give consent, except in an emergency situation;

(5) enters the premises of another with intent to take or injure any fruit, fruit trees, or vegetables growing on the premises, without the permission of the owner or occupant;

(6) enters or is found on the premises of a public or private cemetery without authorization during hours the cemetery is posted as closed to the public; or

(7) returns to the property of another with the intent to harass, abuse, disturb, or cause distress in or threaten another, after being told to leave the property and not to return, if the actor is without claim of right to the property or consent of one with authority to consent.

Sec. 14. Minnesota Statutes 1992, section 609.748, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] As used in For the purposes of this section, the following terms have the meanings given them in this subdivision.

(a) "Harassment" means includes:

(1) repeated, intrusive, or unwanted acts, words, or gestures that are intended to adversely affect the safety, security, or privacy of another, regardless of the relationship between the actor and the intended target;

(2) targeted residential picketing; and

(3) a pattern of attending public events after being notified that the actor's presence at the event is harassing to another.

(b) "Respondent" includes any individuals alleged to have engaged in harassment or organizations alleged to have sponsored or promoted harassment.

(c) "Targeted residential picketing" includes the following acts when committed on more than one occasion:

(1) marching, standing, or patrolling by one or more persons directed solely at a particular residential building in a manner that adversely affects the safety, security, or privacy of an occupant of the building; or

(2) marching, standing, or patrolling by one or more persons which prevents an occupant of a residential building from gaining access to or exiting from the property on which the residential building is located.

Sec. 15. Minnesota Statutes 1992, section 609.748, subdivision 2, is amended to read:

Subd. 2. [RESTRAINING ORDER; JURISDICTION.] A person who is a victim of harassment may seek a restraining order from the district court in the manner provided in this section. The parent or guardian of a minor who is a victim of harassment may seek a restraining order from the juvenile district court on behalf of the minor.

Sec. 16. Minnesota Statutes 1992, section 609.748, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF PETITION; HEARING; NOTICE.] (a) A petition for relief must allege facts sufficient to show the following:

- (1) the name of the alleged harassment victim;
- (2) the name of the respondent; and
- (3) that the respondent has engaged in harassment.

The petition shall be accompanied by an affidavit made under oath stating the specific facts and circumstances from which relief is sought. The court shall provide simplified forms and clerical assistance to help with the writing and filing of a petition under this section and shall advise the petitioner of the right to sue in forma pauperis under section 563.01. Upon receipt of the petition, the court shall order a hearing, which must be held not later than 14 days from the date of the order. Personal service must be made upon the respondent not less than five days before the hearing. If personal service cannot be completed in time to give the respondent the minimum notice required under this paragraph, the court may set a new hearing date.

(b) Notwithstanding paragraph (a), the order for a hearing and a temporary order issued under subdivision 4 may be served on the respondent by means of a one-week published notice under section 645.11, if:

- (1) the petitioner files an affidavit with the court stating that an attempt at personal service made by a sheriff was unsuccessful because the respondent is avoiding service by concealment or otherwise; and
- (2) a copy of the petition and order for hearing and any temporary restraining order has been mailed to the respondent at the respondent's residence or place of business, if the respondent is an organization, or the respondent's residence or place of business is not known to the petitioner.

Sec. 17. Minnesota Statutes 1992, section 609.748, is amended by adding a subdivision to read:

Subd. 3a. [FILING FEE WAIVED.] The filing fees for a restraining order under this section are waived for the petitioner. The court administrator and the sheriff of any county in this state shall perform their duties relating to service of process without charge to the petitioner. The court shall direct payment of the reasonable costs of service of process if served by a private process server when the sheriff is unavailable or if service is made by publication, without requiring the petitioner to make application under section 563.01. The court may direct a respondent to pay to the court administrator the petitioner's filing fees and reasonable costs of service of process if the court determines that the respondent has the ability to pay the petitioner's fees and costs.

Sec. 18. Minnesota Statutes 1992, section 609.748, subdivision 5, is amended to read:

Subd. 5. [RESTRAINING ORDER.] (a) The court may grant a restraining order ordering the respondent to cease or avoid the harassment of another person or to have no contact with that person if all of the following occur:

(1) the petitioner has filed a petition under subdivision 3;

(2) the sheriff has served respondent with a copy of the temporary restraining order obtained under subdivision 4, and with notice of the time and place of the hearing, or service has been made by publication under subdivision 3, paragraph (b); and

(3) the court finds at the hearing that there are reasonable grounds to believe that the respondent has engaged in harassment.

A restraining order may be issued only against the respondent named in the petition; except that if the respondent is an organization, the order may be issued against and apply to all of the members of the organization. Relief granted by the restraining order must be for a fixed period of not more than two years.

(b) An order issued under this subdivision must be personally served upon the respondent.

Sec. 19. Minnesota Statutes 1992, section 609.748, subdivision 6, is amended to read:

Subd. 6. [VIOLATION OF RESTRAINING ORDER.] (a) When a temporary restraining order or a restraining order is granted under this section and the respondent knows of the order, violation of the order is a misdemeanor. A person is guilty of a gross misdemeanor who knowingly violates the order within five years after being discharged from sentence for a previous conviction under this subdivision; sections 609.221 to 609.224; 518B.01, subdivision 14; 609.713, subdivisions 1 or 3; or 609.749.

(b) A peace officer shall arrest without a warrant and take into custody a person whom the peace officer has probable cause to believe has violated an order issued under subdivision 4 or 5 if the existence of the order can be verified by the officer.

(c) A violation of a temporary restraining order or restraining order shall also constitute contempt of court.

(d) Upon the filing of an affidavit by the petitioner, any peace officer, or an interested party designated by the court, alleging that the respondent has violated an order issued under subdivision 4 or 5, the court may issue an order to the respondent requiring the respondent to appear within 14 days and show cause why the respondent should not be held in contempt of court. The court also shall refer the violation of the order to the appropriate prosecuting authority for possible prosecution under paragraph (a).

Sec. 20. Minnesota Statutes 1992, section 609.748, subdivision 8, is amended to read:

Subd. 8. [NOTICE.] An order granted under this section must contain a conspicuous notice to the respondent:

(1) of the specific conduct that will constitute a violation of the order;

(2) that violation of an order is a misdemeanor punishable by imprisonment for up to 90 days or a fine of up to \$700, or both, and that a subsequent violation is a gross misdemeanor punishable by imprisonment for up to one year or a fine of up to \$3,000, or both; and

(3) that a peace officer must arrest without warrant and take into custody a person if the peace officer has probable cause to believe the person has violated a restraining order.

Sec. 21. Minnesota Statutes 1992, section 609.748, is amended by adding a subdivision to read:

Subd. 9. [EFFECT ON LOCAL ORDINANCES.] Nothing in this section shall supersede or preclude the continuation or adoption of any local ordinance which applies to a broader scope of targeted residential picketing conduct than that described in subdivision 1.

Sec. 22. [609.749] [HARASSMENT; STALKING; PENALTIES.]

Subdivision 1. [DEFINITION.] As used in this section, "harass" means to engage in intentional conduct in a manner that:

- (1) would cause a reasonable person under the circumstances to feel oppressed, persecuted, or intimidated; and
- (2) causes this reaction on the part of the victim.

Subd. 2. [HARASSMENT AND STALKING CRIMES.] A person who harasses another by committing any of the following acts is guilty of a gross misdemeanor:

- (1) directly or indirectly manifests a purpose or intent to injure the person, property, or rights of another by the commission of an unlawful act;
- (2) stalks, follows, or pursues another;
- (3) returns to the property of another if the actor is without claim of right to the property or consent of one with authority to consent;
- (4) repeatedly makes telephone calls, or induces a victim to make telephone calls to the actor, whether or not conversation ensues;
- (5) makes or causes the telephone of another repeatedly or continuously to ring;
- (6) repeatedly uses the mail or delivers or causes the delivery of letters, telegrams, packages, or other objects; or
- (7) engages in any other harassing conduct that interferes with another person or intrudes on the person's privacy or liberty.

The conduct described in clauses (4) and (5) may be prosecuted either at the place where the call is made or where it is received. The conduct described in clause (6) may be prosecuted either where the mail is deposited or where it is received.

Subd. 3. [AGGRAVATED VIOLATIONS.] A person who commits any of the following acts is guilty of a felony:

- (1) commits any offense described in subdivision 2 because of the victim's or another's actual or perceived race, color, religion, sex, sexual orientation, disability as defined in section 363.01, age, or national origin;
- (2) commits any offense described in subdivision 2 by falsely impersonating another;
- (3) commits any offense described in subdivision 2 and possesses a dangerous weapon at the time of the offense;
- (4) commits a violation of subdivision 1 with intent to influence or otherwise tamper with a juror or a judicial proceeding or with intent to retaliate against a judicial officer, as defined in section 609.415, or a prosecutor, defense attorney, or officer of the court, because of that person's performance of official duties in connection with a judicial proceeding; or
- (5) commits any offense described in subdivision 2 against a victim under the age of 18, if the actor is more than 36 months older than the victim.

Subd. 4. [SECOND OR SUBSEQUENT VIOLATIONS; FELONY.] A person is guilty of a felony who violates any provision of subdivision 2 within ten years after being discharged from sentence for a previous conviction under this section; sections 609.221 to 609.224; 518B.01, subdivision 14; 609.748, subdivision 6; or 609.713, subdivision 1, 3, or 4.

Subd. 5. [PATTERN OF HARASSING CONDUCT.] (a) A person who engages in a pattern of harassing conduct with respect to a single victim or one or more members of a single household in a manner that would cause a reasonable person under the circumstances to feel terrorized or to fear bodily harm and that does cause this reaction on the part of the victim, 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.

(b) For purposes of this subdivision, a "pattern of harassing conduct" means two or more acts within a five-year period that violate the provisions of any of the following:

- (1) this section;
- (2) section 609.713;
- (3) section 609.224;
- (4) section 518B.01, subdivision 14;
- (5) section 609.748, subdivision 6;
- (6) section 609.605, subdivision 1, paragraph (a), clause (7);
- (7) section 609.79; or
- (8) section 609.795.

Subd. 6. [MENTAL HEALTH ASSESSMENT AND TREATMENT.] (a) When a person is convicted of a felony offense under this section, or another felony offense arising out of a charge based on this section, the court shall order an independent professional mental health assessment of the offender's need for mental health treatment. The court may waive the assessment if an adequate assessment was conducted prior to the conviction.

(b) Notwithstanding section 13.42, 13.85, 144.335, or 260.161, the assessor has access to the following private or confidential data on the person if access is relevant and necessary for the assessment:

- (1) medical data under section 13.42;
- (2) welfare data under section 13.46;
- (3) corrections and detention data under section 13.85;
- (4) health records under section 144.335; and
- (5) juvenile court records under section 260.161.

Data disclosed under this section may be used only for purposes of the assessment and may not be further disclosed to any other person, except as authorized by law.

(c) If the assessment indicates that the offender is in need of and amenable to mental health treatment, the court shall include in the sentence a requirement that the offender undergo treatment.

(d) The court shall order the offender to pay the costs of assessment under this subdivision unless the offender is indigent under section 563.01.

Subd. 7. [EXCEPTION.] Conduct is not a crime under this section if it is performed under terms of a valid license, to ensure compliance with a court order, or to carry out a specific lawful commercial purpose or employment duty, is authorized or required by a valid contract, or is authorized, required, or protected by state or federal law or the state or federal constitutions. Subdivision 2, clause (2), does not impair the right of any individual or group to engage in speech protected by the federal constitution, the state constitution, or federal or state law, including peaceful and lawful handbilling and picketing.

Sec. 23. Minnesota Statutes 1992, section 609.79, subdivision 1, is amended to read:

Subdivision 1. Whoever,

- (1) By means of a telephone,
- (a) makes any comment, request, suggestion or proposal which is obscene, lewd, or lascivious,

(b) Repeatedly makes telephone calls, whether or not conversation ensues, with intent to abuse, ~~threaten, or harass,~~ disturb, or cause distress,

(c) Makes or causes the telephone of another repeatedly or continuously to ring, with intent to ~~harass~~ abuse, disturb, or cause distress in any person at the called number, or

(2) Having control of a telephone, knowingly permits it to be used for any purpose prohibited by this section, shall be guilty of a misdemeanor.

Sec. 24. Minnesota Statutes 1992, section 609.795, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANORS.] Whoever does any of the following is guilty of a misdemeanor:

(1) knowing that the actor does not have the consent of either the sender or the addressee, intentionally opens any sealed letter, telegram, or package addressed to another; or

(2) knowing that a sealed letter, telegram, or package has been opened without the consent of either the sender or addressee, intentionally publishes any of the contents thereof; or

(3) with the intent to ~~harass, abuse, or threaten,~~ disturb, or cause distress, repeatedly uses the mails or delivers letters, telegrams, or packages.

Sec. 25. Minnesota Statutes 1992, section 611A.031, is amended to read:

611A.031 [VICTIM INPUT REGARDING PRETRIAL DIVERSION.]

A prosecutor shall make every reasonable effort to notify and seek input from the victim prior to referring a person into a pretrial diversion program in lieu of prosecution for a violation of sections 609.185, 609.19, 609.195, 609.20, 609.205, 609.221, 609.222, 609.223, 609.224, 609.24, 609.245, 609.25, 609.255, 609.342, 609.343, 609.344, 609.345, 609.365, 609.498, 609.561, 609.582, subdivision 1, ~~and 609.687, 609.713, and 609.749.~~

Sec. 26. Minnesota Statutes 1992, section 611A.0315, is amended to read:

611A.0315 [VICTIM NOTIFICATION; DOMESTIC ASSAULT; HARASSMENT.]

Subdivision 1. [NOTICE OF DECISION NOT TO PROSECUTE.] (a) A prosecutor shall make every reasonable effort to notify a ~~domestic assault~~ victim of domestic assault or harassment that the prosecutor has decided to decline prosecution of the case or to dismiss the criminal charges filed against the defendant. Efforts to notify the victim should include, in order of priority: (1) contacting the victim or a person designated by the victim by telephone; and (2) contacting the victim by mail. If a suspect is still in custody, the notification attempt shall be made before the suspect is released from custody.

(b) Whenever a prosecutor dismisses criminal charges against a person accused of domestic assault or harassment, a record shall be made of the specific reasons for the dismissal. If the dismissal is due to the unavailability of the witness, the prosecutor shall indicate the specific reason that the witness is unavailable.

(c) Whenever a prosecutor notifies a victim of domestic assault or harassment under this section, the prosecutor shall also inform the victim of the method and benefits of seeking an order for protection under section 518B.01 or a restraining order under section 609.748 and that the victim may seek an order without paying a fee.

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

(a) "Assault" has the meaning given it in section 609.02, subdivision 10.

(b) "Domestic assault" means an assault committed by the actor against a family or household member.

(c) "Family or household member" has the meaning given it in section 518B.01, subdivision 2.

(d) "Harassment" means a violation of section 609.749.

Sec. 27. Minnesota Statutes 1992, section 626.8451, subdivision 1a, is amended to read:

Subd. 1a. [TRAINING COURSE; CRIMES OF VIOLENCE.] In consultation with the crime victim and witness advisory council and the school of law enforcement, the board shall prepare a training course to assist peace officers in responding to crimes of violence and to enhance peace officer sensitivity in interacting with and assisting crime victims. For purposes of this course, harassment and stalking crimes are "crimes of violence." The course must include information about:

- (1) the needs of victims of these crimes and the most effective and sensitive way to meet those needs or arrange for them to be met;
- (2) the extent and causes of crimes of violence, including physical and sexual abuse, physical violence, harassment and stalking, and neglect;
- (3) the identification of crimes of violence and patterns of violent behavior; and
- (4) culturally responsive approaches to dealing with victims and perpetrators of violence.

Sec. 28. Minnesota Statutes 1992, section 629.34, subdivision 1, is amended to read:

Subdivision 1. [PEACE OFFICERS AND CONSTABLES.] (a) A peace officer, as defined in section 626.84, subdivision 1, clause (c), or a constable, as defined in section 367.40, subdivision 3, who is on or off duty within the jurisdiction of the appointing authority, or on duty outside the jurisdiction of the appointing authority pursuant to section 629.40, may arrest a person without a warrant as provided under paragraph (c).

(b) A part-time peace officer, as defined in section 626.84, subdivision 1, clause (f), who is on duty within the jurisdiction of the appointing authority, or on duty outside the jurisdiction of the appointing authority pursuant to section 629.40 may arrest a person without a warrant as provided under paragraph (c).

(c) A peace officer, constable, or part-time peace officer who is authorized under paragraph (a) or (b) to make an arrest without a warrant may do so under the following circumstances:

- (1) when a public offense has been committed or attempted in the officer's or constable's presence;
- (2) when the person arrested has committed a felony, although not in the officer's or constable's presence;
- (3) when a felony has in fact been committed, and the officer or constable has reasonable cause for believing the person arrested to have committed it;
- (4) upon a charge based upon reasonable cause of the commission of a felony by the person arrested; ~~or~~
- (5) under the circumstances described in clause (2), (3), or (4), when the offense is a gross misdemeanor violation of section 609.52, 609.595, 609.631, 609.749, or 609.821; or
- (6) under circumstances described in clause (2), (3), or (4), when the offense is a violation of a restraining order or no contact order previously issued by a court.

(d) To make an arrest authorized under this subdivision, the officer or constable may break open an outer or inner door or window of a dwelling house if, after notice of office and purpose, the officer or constable is refused admittance.

Sec. 29. Minnesota Statutes 1992, section 629.341, subdivision 1, is amended to read:

Subdivision 1. [ARREST.] Notwithstanding section 629.34 or any other law or rule, a peace officer may arrest a person anywhere without a warrant, including at the person's residence if the peace officer has probable cause to believe that the person within the preceding four hours has assaulted, threatened with a dangerous weapon, or placed in fear of immediate bodily harm the person's spouse, former spouse, ~~or~~ other person with whom the person resides or has formerly resided, or other person with whom the person has a child or an unborn child in common, regardless of whether they have been married or have lived together at any time. The arrest may be made even though the assault did not take place in the presence of the peace officer.

Sec. 30. Minnesota Statutes 1992, section 629.342, subdivision 2, is amended to read:

Subd. 2. [POLICIES REQUIRED.] (a) By July 1, 1993, each law enforcement agency shall develop, adopt, and implement a written policy regarding arrest procedures for domestic abuse incidents. In the development of a policy, each law enforcement agency shall consult with domestic abuse advocates, community organizations, and other law enforcement agencies with expertise in the recognition and handling of domestic abuse incidents. The policy shall discourage dual arrests, include consideration of whether one of the parties acted in self defense, and provide guidance to officers concerning instances in which officers should remain at the scene of a domestic abuse incident until the likelihood of further imminent violence has been eliminated.

(b) The bureau of criminal apprehension, the board of peace officer standards and training, and the battered women's advisory council appointed by the commissioner of corrections under section 611A.34, in consultation with the Minnesota chiefs of police association, the Minnesota sheriffs association, and the Minnesota police and peace officers association, shall develop a written model policy regarding arrest procedures for domestic abuse incidents for use by local law enforcement agencies. Each law enforcement agency may adopt the model policy in lieu of developing its own policy under the provisions of paragraph (a).

(c) Local law enforcement agencies that have already developed a written policy regarding arrest procedures for domestic abuse incidents before July 1, 1992, are not required to develop a new policy but must review their policies and consider the written model policy developed under paragraph (b).

Sec. 31. Minnesota Statutes 1992, section 629.72, is amended to read:

629.72 [BAIL IN CASES OF DOMESTIC ASSAULT OR HARASSMENT.]

Subdivision 1. [ALLOWING DETENTION IN LIEU OF CITATION; RELEASE.] Notwithstanding any other law or rule, an arresting officer may not issue a citation in lieu of arrest and detention to an individual charged with harassment or charged with assaulting the individual's spouse or other individual with whom the charged person resides.

Notwithstanding any other law or rule, an individual who is arrested on a charge of harassing any person or of assaulting the individual's spouse or other person with whom the individual resides must be brought to the police station or county jail. The officer in charge of the police station or the county sheriff in charge of the jail shall issue a citation in lieu of continued detention unless it reasonably appears to the officer or sheriff that detention is necessary to prevent bodily harm to the arrested person or another, or there is a substantial likelihood the arrested person will fail to respond to a citation.

If the arrested person is not issued a citation by the officer in charge of the police station or the county sheriff, the arrested person must be brought before the nearest available judge of the county district court or county municipal court in the county in which the alleged harassment or assault took place without unnecessary delay as provided by court rule.

Subd. 2. [JUDICIAL REVIEW; RELEASE; BAIL.] (a) The judge before whom the arrested person is brought shall review the facts surrounding the arrest and detention. The arrested person must be ordered released pending trial or hearing on the person's personal recognizance or on an order to appear or upon the execution of an unsecured bond in a specified amount unless the judge determines that release (1) will be inimical to public safety, (2) will create a threat of bodily harm to the arrested person, the victim of the alleged harassment or assault, or another, or (3) will not reasonably assure the appearance of the arrested person at subsequent proceedings.

(b) If the judge determines release is not advisable, the judge may impose any conditions of release that will reasonably assure the appearance of the person for subsequent proceedings, or will protect the victim of the alleged harassment or assault, or may fix the amount of money bail without other conditions upon which the arrested person may obtain release. If conditions of release are imposed, the judge shall issue a written order for conditional release. The court administrator shall immediately distribute a copy of the order for conditional release to the agency having custody of the arrested person and shall provide the agency having custody of the arrested person with any available information on the location of the victim in a manner that protects the victim's safety. Either the court or its designee or the agency having custody of the arrested person shall serve upon the defendant a copy of the order. Failure to serve the arrested person with a copy of the order for conditional release does not invalidate the conditions of release.

(c) If the judge imposes as a condition of release a requirement that the person have no contact with the victim of the alleged harassment or assault, the judge may also, on its own motion or that of the prosecutor or on request of the victim, issue an ex parte temporary restraining order under section 609.748, subdivision 4, or an ex parte temporary order for protection under section 518B.01, subdivision 7. Notwithstanding section 518B.01, subdivision 7, paragraph (b), or 609.748, subdivision 4, paragraph (c), the temporary order is effective until the defendant is convicted or acquitted, or the charge is dismissed, provided that upon request the defendant is entitled to a full hearing on the restraining order under section 609.748, subdivision 5, or on the order for protection under section 518B.01. The hearing must be held within seven days of the defendant's request.

Subd. 2a. [ELECTRONIC MONITORING AS A CONDITION OF PRETRIAL RELEASE.] (a) Until the commissioner of corrections has adopted standards governing electronic monitoring devices used to protect victims of domestic abuse, the court, as a condition of release, may not order a person arrested for a crime described in section 609.135, subdivision 5a, paragraph (b), to use an electronic monitoring device to protect a victim's safety.

(b) Notwithstanding paragraph (a), district courts in the tenth judicial district may order, as a condition of a release, a person arrested on a charge of a crime described in section 609.135, subdivision 5a, paragraph (b), to use an electronic monitoring device to protect the victim's safety. The courts shall make data on the use of electronic monitoring devices to protect a victim's safety in the tenth judicial district available to the commissioner of corrections to evaluate and to aid in development of standards for the use of devices to protect victims of domestic abuse.

Subd. 3. [RELEASE.] If the arrested person is not issued a citation by the officer in charge of the police station or the county sheriff pursuant to subdivision 1, and is not brought before a judge within the time limits prescribed by court rule, the arrested person ~~must~~ shall be released by the arresting authorities, and a citation must be issued in lieu of continued detention.

Subd. 4. [SERVICE OF RESTRAINING ORDER OR ORDER FOR PROTECTION.] If a restraining order is issued under section 609.748 or an order for protection is issued under section 518B.01 while the arrested person is still in detention, the order must be served upon the arrested person during detention if possible.

Subd. 5. [VIOLATIONS OF CONDITIONS OF RELEASE.] The judge who released the arrested person shall issue a warrant directing that the person be arrested and taken immediately before the judge, if the judge:

- (1) ~~the judge~~ receives an application alleging that the arrested person has violated the conditions of release; and
- (2) ~~the judge~~ finds that probable cause exists to believe that the conditions of release have been violated.

Subd. 6. [NOTICE TO VICTIM REGARDING RELEASE OF ARRESTED PERSON.] (a) Immediately after ~~the~~ issuance of a citation in lieu of continued detention under subdivision 1, or the entry of an order for release under subdivision 2, but before the arrested person is released, the agency having custody of the arrested person or its designee ~~must~~ make a reasonable and good faith effort to inform orally the alleged victim of:

- (1) the conditions of release, if any;
- (2) the time of release;
- (3) the time, date, and place of the next scheduled court appearance of the arrested person and the victim's right to be present at the court appearance; and
- (4) if the arrested person is charged with domestic assault, the location and telephone number of the area battered women's shelter as designated by the department of corrections.

(b) As soon as practicable after an order for conditional release is entered, the agency having custody of the arrested person or its designee must personally deliver or mail to the alleged victim a copy of the written order and written notice of the information in clauses (2) and (3).

Sec. 32. [TRAINING FOR PROSECUTORS.]

By December 31, 1993, the county attorneys association, in conjunction with the attorney general's office, shall prepare and conduct a training course for county attorneys and city attorneys to familiarize them with this act and provide other information regarding the prosecution of harassment and stalking offenses. The course may be combined with other training conducted by the county attorneys association or other groups.

Sec. 33. [SEVERABILITY.]

It is the intent of the legislature that the provisions of this article shall be severable as provided in Minnesota Statutes, section 645.20.

Sec. 34. [REPEALER.]

Minnesota Statutes 1992, sections 609.02, subdivisions 12 and 13; 609.605, subdivision 3; 609.746, subdivisions 2 and 3; 609.747; 609.79, subdivision 1a; and 609.795, subdivision 2, are repealed.

Sec. 35. [EFFECTIVE DATE.]

Sections 1, 2, 4 to 26, 28, 29, 31, 33, and 34 are effective June 1, 1993, and apply to crimes committed on or after that date. Sections 3, 27, and 32 are effective the day following final enactment. Section 30 is effective retroactive to July 1, 1992.

ARTICLE 3

CONTROLLED SUBSTANCES

Section 1. Minnesota Statutes 1992, section 152.022, subdivision 1, is amended to read:

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 of a total weight of three grams or more containing cocaine;
- (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 other than cocaine;
- (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 25 kilograms or more containing marijuana or Tetrahydrocannabinols;
- (5) the person unlawfully sells any amount of a schedule I or II narcotic drug to a person under the age of 18, or conspires with or employs a person under the age of 18 to unlawfully sell the substance; or
- (6) the person unlawfully sells any of the following in a school zone, a park zone, or a public housing zone:
 - (i) any amount of a schedule I or II narcotic drug, or lysergic acid diethylamide (LSD);
 - (ii) one or more mixtures containing methamphetamine or amphetamine; or
 - (iii) one or more mixtures of a total weight of five kilograms or more containing marijuana or Tetrahydrocannabinols.

Sec. 2. Minnesota Statutes 1992, section 152.023, subdivision 2, is amended to read:

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 of a total weight of three grams or more containing cocaine;
- (2) the person unlawfully possesses one or more mixtures of a total weight of ten grams or more containing a narcotic drug other than cocaine;
- (3) 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;

(4) the person unlawfully possesses any amount of a schedule I or II narcotic drug or five or more dosage units of lysergic acid diethylamide (LSD) in a school zone, a park zone, or a public housing zone;

(5) the person unlawfully possesses one or more mixtures of a total weight of ten kilograms or more containing marijuana or Tetrahydrocannabinols; or

(6) the person unlawfully possesses one or more mixtures containing methamphetamine or amphetamine in a school zone, a park zone, or a public housing zone.

Sec. 3. Minnesota Statutes 1992, section 152.0971, is amended by adding a subdivision to read:

Subd. 1a. [AUTHORIZED AGENT.] An "authorized agent" is an individual representing a business who is responsible for the disbursement or custody of precursor substances.

Sec. 4. Minnesota Statutes 1992, section 152.0971, is amended by adding a subdivision to read:

Subd. 2a. [PURCHASER.] A "purchaser" is a manufacturer, wholesaler, retailer, or any other person in this state who receives or seeks to receive a precursor substance.

Sec. 5. Minnesota Statutes 1992, section 152.0971, is amended by adding a subdivision to read:

Subd. 2b. [RECEIVE.] "Receive" means to purchase, receive, collect, or otherwise obtain a precursor substance from a supplier.

Sec. 6. Minnesota Statutes 1992, section 152.0971, subdivision 3, is amended to read:

Subd. 3. [SUPPLIER.] A "supplier" is a manufacturer, wholesaler, retailer, or any other person in this or any other state who furnishes a precursor substance to another person in this state.

Sec. 7. Minnesota Statutes 1992, section 152.0972, subdivision 1, is amended to read:

Subdivision 1. [PRECURSOR SUBSTANCES.] The following precursors of controlled substances are "precursor substances":

- (1) phenyl-2-propanone;
- (2) methylamine;
- (3) ethylamine;
- (4) d-lysergic acid;
- (5) ergotamine tartrate;
- (6) diethyl malonate;
- (7) malonic acid;
- (8) hydriodic acid;
- (9) ethyl malonate;
- (9) (10) barbituric acid;
- (10) (11) piperidine;
- (11) (12) n-acetylanthranilic acid;
- (12) (13) pyrrolidine;

- (13) ~~(14)~~ phenylacetic acid;
- (14) ~~(15)~~ anthranilic acid;
- (15) ~~morpholine~~;
- (16) ephedrine;
- (17) pseudoephedrine;
- (18) norpseudoephedrine;
- (19) phenylpropanolamine;
- (20) propionic anhydride;
- (21) isosafrole;
- (22) safrole;
- (23) piperonal;
- (24) thionylchloride;
- (25) benzyl cyanide;
- (26) ergonovine maleate;
- (27) n-methylephedrine;
- (28) n-ethylpseudoephedrine;
- (29) n-methylpseudoephedrine;
- (30) chloroephedrine;
- (31) chloropseudoephedrine; and
- (32) any substance added to this list by rule adopted by the state board of pharmacy.

Sec. 8. Minnesota Statutes 1992, section 152.0973, is amended by adding a subdivision to read:

Subd. 1a. [REPORT OF PRECURSOR SUBSTANCES RECEIVED FROM OUT OF STATE.] A purchaser of a precursor substance from outside of Minnesota shall, not less than 21 days before taking possession of the substance, submit to the bureau of criminal apprehension a report of the transaction that includes the identification information specified in subdivision 3.

Sec. 9. Minnesota Statutes 1992, section 152.0973, subdivision 2, is amended to read:

Subd. 2. [REGULAR REPORTS.] The bureau may authorize a purchaser or supplier to submit the reports on a monthly basis with respect to repeated, regular transactions between the supplier and the purchaser involving the same substance if the superintendent of the bureau of criminal apprehension determines that:

(1) a pattern of regular supply of the precursor substance exists between the supplier and the purchaser of the substance; or

(2) the purchaser has established a record of utilizing the precursor substance for lawful purposes.

Sec. 10. Minnesota Statutes 1992, section 152.0973, is amended by adding a subdivision to read:

Subd. 2a. [REPORT OF MISSING PRECURSOR SUBSTANCE.] A supplier or purchaser who discovers a discrepancy between the quantity of precursor substance shipped and the quantity of precursor substance received shall report the discrepancy to the bureau of criminal apprehension within three days of knowledge of the discrepancy. The report must include:

- (1) the complete name and address of the purchaser;
- (2) the type of precursor substance missing;
- (3) whether the precursor substance is missing due to theft, loss, or shipping discrepancy;
- (4) the method of delivery used;
- (5) the name of the common carrier or person who transported the substance; and
- (6) the date of shipment.

Sec. 11. Minnesota Statutes 1992, section 152.0973, subdivision 3, is amended to read:

Subd. 3. [PROPER IDENTIFICATION.] A report submitted by a supplier or purchaser under this section must include:

(1) a the purchaser's driver's license number or state identification card that contains a photograph of the purchaser and includes the number and residential or mailing address of the purchaser, other than a post office box number taken from the purchaser's driver's license or state identification card, if the purchaser is not an authorized agent;

(2) the motor vehicle license number of any the motor vehicle owned or operated by the purchaser at the time of sale, if the purchaser is not an authorized agent;

(3) a complete description of how the precursor substance will be used, if the purchaser is not an authorized agent;

(4) a letter of authorization from the business for which the precursor substance is being furnished, including the business license state tax identification number and address of the business, a full description of how the precursor substance is to be used, and the signature of the authorized agent for the purchaser;

(4) (5) the signature of the supplier as a witness to the signature and identification of the purchaser;

(5) (6) the type and quantity of the precursor substance; and

(6) (7) the method of delivery used; and

(8) the complete name and address of the supplier.

Sec. 12. Minnesota Statutes 1992, section 152.0973, subdivision 4, is amended to read:

Subd. 4. [RETENTION OF RECORDS.] A supplier shall retain a copy of the report reports filed under this section subdivisions 1, 2, and 2a for five years. A purchaser shall retain a copy of reports filed under subdivisions 1a and 2a for five years.

Sec. 13. Minnesota Statutes 1992, section 152.0973, is amended by adding a subdivision to read:

Subd. 5. [INSPECTIONS.] All records relating to sections 152.0971 to 152.0974 shall be open to inspection by the bureau of criminal apprehension during regular business hours.

Sec. 14. Minnesota Statutes 1992, section 152.0973, is amended by adding a subdivision to read:

Subd. 6. [PENALTIES.] (a) A person who does not submit a report as required by this section is guilty of a misdemeanor.

(b) A person who knowingly submits a report required by this section with false or fictitious information is guilty of a gross misdemeanor.

(c) A person who is convicted a second or subsequent time of violating paragraph (a) is guilty of a gross misdemeanor if the subsequent offense occurred after the earlier conviction.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 to 13 are effective August 1, 1993. Section 14 is effective August 1, 1993, and applies to crimes committed on or after that date.

ARTICLE 4

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 144.765, is amended to read:

144.765 [PATIENT'S RIGHT TO REFUSE TESTING.]

Upon notification of a significant exposure, the facility shall ask the patient to consent to blood testing to determine the presence of the HIV virus or the hepatitis B virus. The patient shall be informed that the test results without personally identifying information will be reported to the emergency medical services personnel. The patient shall be informed of the right to refuse to be tested. If the patient refuses to be tested, the patient's refusal will be forwarded to the emergency medical services agency and to the emergency medical services personnel. 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 or a local correctional authority as a result of a criminal conviction.

Sec. 2. Minnesota Statutes 1992, section 169.222, subdivision 6, is amended to read:

Subd. 6. [BICYCLE EQUIPMENT.] (a) No person shall operate a bicycle at nighttime unless the bicycle or its operator is equipped with a lamp which shall emit a white light visible from a distance of at least 500 feet to the front and with a red reflector of a type approved by the department of public safety which is visible from all distances from 100 feet to 600 feet to the rear when directly in front of lawful lower beams of head lamps on a motor vehicle. No person may operate a bicycle at any time when there is not sufficient light to render persons and vehicles on the highway clearly discernible at a distance of 500 feet ahead unless the bicycle or its operator is equipped with reflective surfaces that shall be visible during the hours of darkness from 600 feet when viewed in front of lawful lower beams of head lamps on a motor vehicle.

The reflective surfaces shall include reflective materials on each side of each pedal to indicate their presence from the front or the rear and with a minimum of 20 square inches of reflective material on each side of the bicycle or its operator. Any bicycle equipped with side reflectors as required by regulations for new bicycles prescribed by the United States Consumer Product Safety Commission shall be considered to meet the requirements for side reflectorization contained in this subdivision.

A bicycle may be equipped with a rear lamp that emits a red flashing signal.

(b) No person shall operate a bicycle unless it is equipped with a brake which will enable the operator to make the braked wheels skid on dry, level, clean pavement.

(c) No person shall operate upon a highway any bicycle equipped with handlebars so raised that the operator must elevate the hands above the level of the shoulders in order to grasp the normal steering grip area.

(d) No person shall operate upon a highway any bicycle which is of such a size as to prevent the operator from stopping the bicycle, supporting it with at least one foot on the highway surface and restarting in a safe manner.

Sec. 3. Minnesota Statutes 1992, section 169.64, subdivision 3, is amended to read:

Subd. 3. [FLASHING LIGHTS.] Flashing lights are prohibited, except on an authorized emergency vehicle, school bus, bicycle as provided in section 169.222, subdivision 6, road maintenance equipment, tow truck or towing vehicle, service vehicle, farm tractors, self-propelled farm equipment or on any vehicle as a means of indicating a right or left turn, or the presence of a vehicular traffic hazard requiring unusual care in approaching, overtaking or passing. All flashing warning lights shall be of the type authorized by section 169.59, subdivision 4, unless otherwise permitted or required in this chapter.

Sec. 4. [174.295] [ELIGIBILITY CERTIFICATION; PENALTY FOR FRAUDULENT STATEMENTS.]

Subdivision 1. [NOTICE.] A provider of special transportation service, as defined in section 174.29, receiving financial assistance under section 174.24, shall include on the application form for special transportation service, and on the eligibility certification form if different from the application form, a notice of the penalty for fraudulent certification under subdivision 4.

Subd. 2. [CERTIFIER STATEMENT.] A provider shall include on the application or eligibility certification form a place for the person certifying the applicant as eligible for special transportation service to sign, and the person certifying the applicant shall sign, stating that the certifier understands the penalty for fraudulent certification and that the certifier believes the applicant to be eligible.

Subd. 3. [APPLICANT STATEMENT.] A provider shall include on the application form a place for the applicant to sign, and the applicant shall sign, stating that the applicant understands the penalty for fraudulent certification and that the information on the application is true.

Subd. 4. [PENALTY.] A person is guilty of a misdemeanor if:

- (1) the person fraudulently certifies to the special transportation service provider that the applicant is eligible for special transportation service; or
- (2) the person obtains certification for special transportation service by misrepresentation or fraud.

Sec. 5. Minnesota Statutes 1992, section 244.05, subdivision 4, is amended to read:

Subd. 4. [MINIMUM IMPRISONMENT, LIFE SENTENCE.] An inmate serving a mandatory life sentence under section 609.184 must not be given supervised release under this section. An inmate serving a mandatory life sentence under section 609.185, clause (1), (3), ~~(4)~~, (5), or (6); or 609.346, subdivision 2a, must not be given supervised release under this section without having served a minimum term of 30 years. An inmate serving a mandatory life sentence 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. 6. Minnesota Statutes 1992, 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 609.185, clause (1), (3), ~~(4)~~, (5), or (6); 609.346, subdivision 2a; or 609.385 after the inmate has served the minimum term of imprisonment specified in subdivision 4.

Sec. 7. Minnesota Statutes 1992, section 289A.63, is amended by adding a subdivision to read:

Subd. 11. [CONSOLIDATION OF VENUE.] If two or more offenses in this section are committed by the same person in more than one county, the accused may be prosecuted for all the offenses in any county in which one of the offenses was committed.

Sec. 8. Minnesota Statutes 1992, section 297B.10, is amended to read:

297B.10 [PENALTIES.]

(1) Any person, including persons other than the purchaser, who prepares, completes, or submits a false or fraudulent motor vehicle purchaser's certificate with intent to defeat or evade the tax imposed under this chapter or any purchaser who fails to complete or submit a motor vehicle purchaser's certificate with intent to defeat or evade the tax or who attempts to defeat or evade the tax in any manner, is guilty of a gross misdemeanor unless the tax

involved exceeds \$300, in which event the person is guilty of a felony. The term "person" as used in this section includes any officer or employee of a corporation or a member or employee of a partnership who as an officer, member, or employee is under a duty to perform the act with respect to which the violation occurs. Notwithstanding the provisions of section 628.26 or any other provision of the criminal laws of this state, an indictment may be found and filed, or a complaint filed, upon any criminal offense specified in this section, in the proper court within six years after the commission of the offense.

(2) Any person who violates any of the provisions of this chapter, unless the violation be of the type referred to in clause (1), is guilty of a misdemeanor and ~~shall be punished by a fine of not less than \$50 nor more than \$100 or by imprisonment in the county jail for not less than 30 days, or both.~~

(3) When two or more offenses in clause (1) are committed by the same person within six months, the offenses may be aggregated; further, if the offenses are committed in more than one county, the accused may be prosecuted for all the offenses aggregated under this paragraph in any county in which one of the offenses was committed.

Sec. 9. Minnesota Statutes 1992, section 307.08, subdivision 2, is amended to read:

Subd. 2. A person who intentionally, willfully, and knowingly destroys, mutilates, injures, ~~disturbs~~, or removes human skeletal remains or human ~~burials~~ burial grounds, is guilty of a felony. A person who intentionally, willfully, or knowingly removes any tombstone, monument, or structure placed in any public or private cemetery or unmarked human burial ground, or any fence, railing, or other work erected for protection or ornament, or any tree, shrub, or plant or grave goods and artifacts within the limits of the cemetery or burial ground, and a person who, without authority from the trustees, state archaeologist, or Indian affairs intertribal board, discharges any firearms upon or over the grounds of any public or private cemetery or authenticated and identified Indian burial ground, is guilty of a gross misdemeanor.

Sec. 10. Minnesota Statutes 1992, section 343.21, subdivision 9, is amended to read:

Subd. 9. [PENALTY.] A person who fails to comply with any provision of this section is guilty of a misdemeanor. A person convicted of a second or subsequent violation of subdivision 1 or 7 within five years of a previous violation of subdivision 1 or 7 is guilty of a gross misdemeanor.

Sec. 11. Minnesota Statutes 1992, section 343.21, subdivision 10, is amended to read:

Subd. 10. [RESTRICTIONS.] If a person is convicted of violating this section, the court ~~may~~ shall require that pet or companion animals, as defined in section 346.36, subdivision 6, that have not been seized by a peace officer or agent and are in the custody of the person must be turned over to a peace officer or other appropriate officer or agent if unless the court determines that the person is ~~unable or unfit~~ able and fit to provide adequately for an animal. If the evidence indicates lack of proper and reasonable care of an animal, the burden is on the person to affirmatively demonstrate by clear and convincing evidence that the person is able and fit to have custody of and provide adequately for an animal. The court may limit the person's further possession or custody of pet or companion animals, and may impose other conditions the court considers appropriate, including, but not limited to:

- (1) imposing a probation period during which the person may not have ownership, custody, or control of a pet or companion animal;
- (2) requiring periodic visits of the person by an animal control officer or agent appointed pursuant to section 343.01, subdivision 1;
- (3) requiring performance by the person of community service in a humane facility; and
- (4) requiring the person to receive behavioral counseling.

Sec. 12. Minnesota Statutes 1992, section 473.386, is amended by adding a subdivision to read:

Subd. 2a. [ELIGIBILITY CERTIFICATION.] The board shall include the notice of penalty for fraudulent certification, and require the person certifying the applicant to sign the eligibility certification form and the applicant to sign the application form, as provided in section 174.295.

Sec. 13. Minnesota Statutes 1992, section 609.035, is amended to read:

609.035 [CRIME PUNISHABLE UNDER DIFFERENT PROVISIONS.]

Except as provided in sections 609.251, 609.585, 609.21, subdivisions 3 and 4, 609.2691, 609.486, 609.494, and 609.856, if a person's conduct constitutes more than one offense under the laws of this state, the person may be punished for only one of the offenses and a conviction or acquittal of any one of them is a bar to prosecution for any other of them. All the offenses, if prosecuted, shall be included in one prosecution which shall be stated in separate counts.

Sec. 14. Minnesota Statutes 1992, section 609.101, subdivision 4, is amended to read:

Subd. 4. [MINIMUM FINES; OTHER CRIMES.] Notwithstanding any other law:

(1) when a court sentences a person convicted of a felony that is not listed in subdivision 2 or 3, it must impose a fine of not less than 20 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law; and

(2) when a court sentences a person convicted of a gross misdemeanor or misdemeanor that is not listed in subdivision 2, it must impose a fine of not less than 20 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law, unless the fine is set at a lower amount on a uniform fine schedule established by the conference of chief judges in consultation with affected state and local agencies. This schedule shall be promulgated and reported to the legislature not later than January 1 of each year and shall become effective on August 1 of that year unless the legislature, by law, provides otherwise.

The court may not waive payment of the minimum 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 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.

Sec. 15. Minnesota Statutes 1992, section 609.184, subdivision 2, is amended to read:

Subd. 2. [LIFE WITHOUT RELEASE.] The court shall sentence a person to life imprisonment without possibility of release under the following circumstances:

(1) the person is convicted of first degree murder under section 609.185, clause (2) or (4); or

(2) the person is convicted of first degree murder under section 609.185, clause (1), (3), ~~(4)~~, (5), or (6), and the court determines on the record at the time of sentencing that the person has one or more previous convictions for a heinous crime.

Sec. 16. Minnesota Statutes 1992, section 609.251, is amended to read:

609.251 [DOUBLE JEOPARDY; KIDNAPPING.]

Notwithstanding section 609.04, a prosecution for or conviction of the crime of kidnapping is not a bar to conviction of or punishment for any other crime committed during the time of the kidnapping.

Sec. 17. Minnesota Statutes 1992, section 609.341, subdivision 10, is amended to read:

Subd. 10. "Position of authority" includes but is not limited to any person who is a parent or acting in the place of a parent and charged with any of a parent's rights, duties or responsibilities to a child, or a person who is charged with any duty or responsibility for the health, welfare, or supervision of a child, either independently or through another, no matter how brief, at the time of the act. For the purposes of subdivision 11, "position of authority" includes a psychotherapist.

Sec. 18. Minnesota Statutes 1992, section 609.341, subdivision 17, is amended to read:

Subd. 17. "Psychotherapist" means a person who is or purports to be a physician, psychologist, nurse, chemical dependency counselor, social worker, ~~energy, marriage and family therapist counselor,~~ or other mental health service provider; ~~z~~ or any other person, whether or not licensed by the state, who performs or purports to perform psychotherapy.

Sec. 19. Minnesota Statutes 1992, section 609.341, subdivision 19, is amended to read:

Subd. 19. "Emotionally dependent" means that the nature of the ~~patient's or~~ former patient's emotional condition and the nature of the treatment provided by the psychotherapist are such that the psychotherapist knows or has reason to know that the ~~patient or~~ former patient is unable to withhold consent to sexual contact or sexual penetration by the psychotherapist.

Sec. 20. Minnesota Statutes 1992, section 609.344, subdivision 1, is amended to read:

Subdivision 1. [CRIME DEFINED.] A person who engages in sexual penetration with another person is guilty of criminal sexual conduct in the third degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant shall be a defense;

(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 24 months older than the complainant. In any such case it shall be an affirmative defense, which must be proved by a preponderance of the evidence, that the actor believes the complainant to be 16 years of age or older. If the actor in such a case is no more than 48 months but more than 24 months older than the complainant, the actor may be sentenced to imprisonment for not more than five years. Consent by the complainant is not a defense;

(c) the actor uses force or coercion to accomplish the penetration;

(d) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(e) the complainant is at least 16 but less than 18 years of age and the actor is more than 48 months older than the complainant and in a position of authority over the complainant, and uses this authority to cause the complainant to submit. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the actor has a significant relationship to the complainant and the complainant was at least 16 but under 18 years of age at the time of the sexual penetration. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the actor has a significant relationship to the complainant, the complainant was at least 16 but under 18 years of age at the time of the sexual penetration, and:

(i) the actor or an accomplice used force or coercion to accomplish the penetration;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) the actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual penetration occurred:

(i) during the psychotherapy session; or

(ii) outside the psychotherapy session if an ongoing psychotherapist-patient relationship exists.

Consent by the complainant is not a defense;

(i) the actor is a psychotherapist and the complainant is a ~~patient or~~ former patient of the psychotherapist and the ~~patient or~~ former patient is emotionally dependent upon the psychotherapist;

(j) the actor is a psychotherapist and the complainant is a patient or former patient and the sexual penetration occurred by means of therapeutic deception. Consent by the complainant is not a defense; ~~or~~

(k) the actor accomplishes the sexual penetration by means of deception or false representation that the penetration is for a bona fide medical purpose ~~by a health care professional~~. Consent by the complainant is not a defense; or

(l) the actor is or purports to be a member of the clergy, the complainant is not married to the actor, and:

(i) the sexual penetration occurred during the course of a meeting in which the complainant sought or received religious or spiritual advice, aid, or comfort from the actor in private; or

(ii) the sexual penetration occurred during a period of time in which the complainant was meeting on an ongoing basis with the actor to seek or receive religious or spiritual advice, aid, or comfort in private.

Consent by the complainant is not a defense.

Sec. 21. Minnesota Statutes 1992, section 609.345, subdivision 1, is amended to read:

Subdivision 1. [CRIME DEFINED.] A person who engages in sexual contact with another person is guilty of criminal sexual conduct in the fourth degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age or consent to the act by the complainant is a defense. In a prosecution under this clause, the state is not required to prove that the sexual contact was coerced;

(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 48 months older than the complainant or in a position of authority over the complainant and uses this authority to cause the complainant to submit. In any such case, it shall be an affirmative defense which must be proved by a preponderance of the evidence that the actor believes the complainant to be 16 years of age or older;

(c) the actor uses force or coercion to accomplish the sexual contact;

(d) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(e) the complainant is at least 16 but less than 18 years of age and the actor is more than 48 months older than the complainant and in a position of authority over the complainant, and uses this authority to cause the complainant to submit. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the actor has a significant relationship to the complainant and the complainant was at least 16 but under 18 years of age at the time of the sexual contact. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the actor has a significant relationship to the complainant, the complainant was at least 16 but under 18 years of age at the time of the sexual contact, and:

(i) the actor or an accomplice used force or coercion to accomplish the contact;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) the actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual contact occurred;

(i) during the psychotherapy session; or

(ii) outside the psychotherapy session if an ongoing psychotherapist-patient relationship exists.

Consent by the complainant is not a defense;

(i) the actor is a psychotherapist and the complainant is a ~~patient or~~ former patient of the psychotherapist and the ~~patient or~~ former patient is emotionally dependent upon the psychotherapist;

(j) the actor is a psychotherapist and the complainant is a patient or former patient and the sexual contact occurred by means of therapeutic deception. Consent by the complainant is not a defense; ~~or~~

(k) the actor accomplishes the sexual contact by means of deception or false representation that the contact is for a bona fide medical purpose ~~by a health care professional~~. Consent by the complainant is not a defense; or

(1) the actor is or purports to be a member of the clergy, the complainant is not married to the actor, and:

(i) the sexual contact occurred during the course of a meeting in which the complainant sought or received religious or spiritual advice, aid, or comfort from the actor in private; or

(ii) the sexual contact occurred during a period of time in which the complainant was meeting on an ongoing basis with the actor to seek or receive religious or spiritual advice, aid, or comfort in private.

Consent by the complainant is not a defense.

Sec. 22. Minnesota Statutes 1992, section 609.378, subdivision 1, is amended to read:

Subdivision 1. [PERSONS GUILTY OF NEGLECT OR ENDANGERMENT.] ~~The following people are guilty of neglect or endangerment 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.~~

(a) [NEGLECT.] (1) A parent, legal guardian, or caretaker who willfully deprives a child of necessary food, clothing, shelter, health care, or supervision appropriate to the child's age, when the parent, guardian, or caretaker is reasonably able to make the necessary provisions and the deprivation ~~substantially~~ harms or is likely to substantially harm the child's physical, mental, or emotional health is guilty of neglect 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 deprivation results in substantial harm to the child's physical, mental, or emotional health, the 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. If a parent, guardian, or caretaker 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, this treatment or care is "health care," for purposes of this clause.

(2) A parent, legal guardian, or caretaker who knowingly permits the continuing physical or sexual abuse of a child is guilty of neglect 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.

(b) [ENDANGERMENT.] A parent, legal guardian, or caretaker who endangers the child's person or health by:

(1) intentionally or recklessly causing or permitting a child to be placed in a situation likely to substantially harm the child's physical ~~or~~, mental, or emotional health or cause the child's death; or

(2) knowingly causing or permitting the child to be present where any person is selling or possessing a controlled substance, as defined in section 152.01, subdivision 4, in violation of section 152.021, 152.022, 152.023, or 152.024; is guilty of child endangerment 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 endangerment results in substantial harm to the child's physical, mental, or emotional health, the 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.

This paragraph does not prevent a parent, legal guardian, or caretaker from causing or permitting a child to engage in activities that are appropriate to the child's age, stage of development, and experience, or from selecting health care as defined in subdivision 1, paragraph (a).

(c) [ENDANGERMENT BY FIREARM ACCESS.] A person who intentionally or recklessly causes a child under 14 years of age to be placed in a situation likely to substantially harm the child's physical health or cause the child's death as a result of the child's access to a loaded firearm is guilty of child endangerment 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 endangerment results in substantial harm to the child's physical health, the 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. 23. [609.493] [SOLICITATION OF MENTALLY IMPAIRED PERSONS.]

Subdivision 1. [CRIME.] A person is guilty of a crime and may be sentenced as provided in subdivision 2 if the person solicits a mentally impaired person to commit a criminal act.

Subd. 2. [SENTENCE.] (a) A person who violates subdivision 1 is guilty of a misdemeanor if the intended criminal act is a misdemeanor, and is guilty of a gross misdemeanor if the intended criminal act is a gross misdemeanor.

(b) A person who violates subdivision 1 is guilty of a felony if the intended criminal act is a felony, and may be sentenced to imprisonment for not more than one-half the statutory maximum term for the intended criminal act or to payment of a fine of not more than one-half the maximum fine for the intended criminal act, or both.

Subd. 3. [DEFINITIONS.] As used in this section:

(1) "mentally impaired person" means a person who, as a result of inadequately developed or impaired intelligence or a substantial psychiatric disorder of thought or mood, lacks the judgment to give a reasoned consent to commit the criminal act; and

(2) "solicit" means commanding, entreating, or attempting to persuade a specific person.

Sec. 24. Minnesota Statutes 1992, section 609.494, is amended to read:

609.494 [SOLICITATION OF JUVENILES.]

Subdivision 1. [CRIME.] A person is guilty of a crime and may be sentenced as provided in subdivision 2 if the person is an adult and solicits or conspires with a minor to commit a criminal crime or delinquent act or is an accomplice to a minor in the commission of a crime or delinquent act.

Subd. 2. [SENTENCE.] (a) A person who violates subdivision 1 is guilty of a misdemeanor if the intended criminal act is a misdemeanor or would be a misdemeanor if committed by an adult, and is guilty of a gross misdemeanor if the intended criminal act is a gross misdemeanor or would be a gross misdemeanor if committed by an adult.

(b) A person who violates subdivision 1 is guilty of a felony if the intended criminal act is a felony or would be a felony if committed by an adult, and may be sentenced to imprisonment for not more than one-half the statutory maximum term for the intended criminal act or to payment of a fine of not more than one-half the maximum fine for the intended criminal act, or both.

Subd. 3. [MULTIPLE SENTENCES.] Notwithstanding section 609.04, a prosecution for or conviction under this section 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. [CONSECUTIVE SENTENCES.] Notwithstanding any provision of the sentencing guidelines, the court may provide that a sentence imposed for a violation of this section shall run consecutively to any sentence imposed for the intended criminal act. A decision by the court to impose consecutive sentences under this subdivision is not a departure from the sentencing guidelines.

Subd. 5. [DEFINITION.] "Solicit" means commanding, entreating, or attempting to persuade a specific person.

Sec. 25. Minnesota Statutes 1992, section 609.495, is amended to read:

609.495 [AIDING AN OFFENDER TO AVOID ARREST.]

Subdivision 1. Whoever harbors, conceals, or aids another known by the actor to have committed a felony under the laws of this or another state or of the United States with intent that such offender shall avoid or escape from arrest, trial, conviction, or punishment, 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.

Subd. 2. This section does not apply if the actor at the time of harboring, concealing, or aiding an offender in violation of subdivision 1, or aiding an offender in violation of subdivision 3, is related to the offender as spouse, parent, or child.

Subd. 3. Whoever intentionally aids another person known by the actor to have committed a criminal act, by destroying or concealing evidence of that crime, providing false or misleading information about that crime, receiving the proceeds of that crime, or otherwise obstructing the investigation or prosecution of that crime is an accomplice after the fact and may be sentenced to not more than one-half of the statutory maximum sentence of imprisonment or to payment of a fine of not more than one-half of the maximum fine that could be imposed on the principal offender for the crime of violence. For purposes of this subdivision, "criminal act" means an act that is a crime listed in section 609.11, subdivision 9, under the laws of this or another state, or of the United States, and also includes an act that would be a criminal act if committed by an adult.

Sec. 26. Minnesota Statutes 1992, section 609.505, is amended to read:

609.505 [FALSELY REPORTING CRIME.]

Whoever informs a law enforcement officer that a crime has been committed, knowing that it is false and intending that the officer shall act in reliance upon it, is guilty of a misdemeanor. A person who is convicted a second or subsequent time under this section is guilty of a gross misdemeanor.

Sec. 27. Minnesota Statutes 1992, section 609.531, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purpose of sections 609.531 to 609.5317, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a weapon used in the furtherance of a crime and defined as a dangerous weapon under section 609.02, subdivision 6.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the bureau of criminal apprehension, the Minnesota state patrol, a county sheriff's department, the suburban Hennepin regional park district park rangers, the department of natural resources division of enforcement, the University of Minnesota police department, or a city or airport police department.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter;

(2) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.631; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 617.246; or a gross misdemeanor or felony violation of section 609.891; or any violation of section 609.324.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

Sec. 28. Minnesota Statutes 1992, section 609.531, subdivision 5a, is amended to read:

Subd. 5a. [BOND BY OWNER FOR POSSESSION.] (a) If the owner of property that has been seized under sections 609.531 to 609.5317 seeks possession of the property before the forfeiture action is determined, the owner may, subject to the approval of the appropriate agency, give security or post bond payable to the appropriate agency in an amount equal to the retail value of the seized property. On posting the security or bond, the seized property must be returned to the owner and the forfeiture action shall proceed against the security as if it were the seized property. This subdivision does not apply to contraband property.

(b) If the owner of a motor vehicle that has been seized under this section seeks possession of the vehicle before the forfeiture action is determined, the owner may surrender the vehicle's certificate of title in exchange for the vehicle. The motor vehicle must be returned to the owner within 24 hours if the owner surrenders the motor vehicle's certificate of title to the appropriate agency, pending resolution of the forfeiture action. If the certificate is surrendered, the owner may not be ordered to post security or bond as a condition of release of the vehicle. When a certificate of title is surrendered under this provision, the agency shall notify the department of public safety and any secured party noted on the certificate. The agency shall also notify the department and the secured party when it returns a surrendered title to the motor vehicle owner.

Sec. 29. Minnesota Statutes 1992, section 609.5312, is amended by adding a subdivision to read:

Subd. 3. [VEHICLE FORFEITURE FOR PROSTITUTION OFFENSES.] (a) A motor vehicle is subject to forfeiture under this subdivision if it was used to commit or facilitate, or used during the commission of, a violation of section 609.324 or a violation of a local ordinance substantially similar to section 609.324. A motor vehicle is subject to forfeiture under this subdivision only if the offense is established by proof of a criminal conviction for the offense. Except as otherwise provided in this subdivision, a forfeiture under this subdivision is governed by sections 609.531, 609.5312, and 609.5313.

(b) When a motor vehicle subject to forfeiture under this subdivision is seized in advance of a judicial forfeiture order, a hearing before a judge or referee must be held within 96 hours of the seizure. Notice of the hearing must be given to the registered owner within 48 hours of the seizure. The prosecuting authority shall certify to the court, at or in advance of the hearing, that it has filed or intends to file charges against the alleged violator for violating section 609.324 or a local ordinance substantially similar to section 609.324. After conducting the hearing, the court shall order that the motor vehicle be returned to the owner if:

(1) the prosecutor has failed to make the certification required by paragraph (b);

(2) the owner of the motor vehicle has demonstrated to the court's satisfaction that the owner has a defense to the forfeiture, including but not limited to the defenses contained in subdivision 2; or

(3) the court determines that seizure of the vehicle creates or would create an undue hardship for members of the owner's family.

(d) If the defendant is acquitted or prostitution charges against the defendant are dismissed, neither the owner nor the defendant is responsible for paying any costs associated with the seizure or storage of the vehicle.

(e) A vehicle leased or rented under section 168.27, subdivision 4, for a period of 180 days or less is not subject to forfeiture under this subdivision.

Sec. 30. Minnesota Statutes 1992, section 609.5315, is amended by adding a subdivision to read:

Subd. 5a. [DISPOSITION OF CERTAIN FORFEITED PROCEEDS; PROSTITUTION.] The proceeds from the sale of motor vehicles forfeited under section 609.5312, subdivision 3, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the vehicle, shall be distributed as follows:

(1) 40 percent of the proceeds must be forwarded to the appropriate agency for deposit as a supplement to the agency's operating fund or similar fund for use in law enforcement;

(2) 20 percent of the proceeds must be forwarded to the city attorney or other prosecuting agency that handled the forfeiture for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes; and

(3) the remaining 40 percent of the proceeds must be forwarded to the city treasury for distribution to neighborhood crime prevention programs.

Sec. 31. Minnesota Statutes 1992, section 609.585, is amended to read:

609.585 [DOUBLE JEOPARDY.]

Notwithstanding section 609.04, a prosecution for or conviction of the crime of burglary is not a bar to conviction of or punishment for any other crime committed on entering or while in the building entered.

Sec. 32. Minnesota Statutes 1992, section 609.605, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANOR.] (a) The following terms have the meanings given them for purposes of this section.

(i) "Premises" means real property and any appurtenant building or structure.

(ii) "Dwelling" means the building or part of a building used by an individual as a place of residence on either a full-time or a part-time basis. A dwelling may be part of a multidwelling or multipurpose building, or a manufactured home as defined in section 168.011, subdivision 8.

(iii) "Construction site" means the site of the construction, alteration, painting, or repair of a building or structure.

(iv) "Owner or lawful possessor," as used in clause (8), means the person on whose behalf a building or dwelling is being constructed, altered, painted, or repaired and the general contractor or subcontractor engaged in that work.

(v) "Posted," as used in clause (8), means the placement of a sign at least 11 inches square in a conspicuous place on the exterior of the building that is under construction, alteration, or repair, and additional signs in at least two conspicuous places for each ten acres being protected. The sign must carry an appropriate notice and the name of the person giving the notice, followed by the word "owner" if the person giving the notice is the holder of legal title to the land on which the construction site is located or by the word "occupant" if the person giving the notice is not the holder of legal title but is a lawful occupant of the land.

(vi) "Business licensee," as used in paragraph (b), clause (8), includes a representative of a building trades labor or management organization.

(vii) "Building" has the meaning given in section 609.581, subdivision 2.

(b) A person is guilty of a misdemeanor if the person intentionally:

- (1) permits domestic animals or fowls under the actor's control to go on the land of another within a city;
- (2) interferes unlawfully with a monument, sign, or pointer erected or marked to designate a point of a boundary, line or a political subdivision, or of a tract of land;
- (3) trespasses on the premises of another and, without claim of right, refuses to depart from the premises on demand of the lawful possessor;
- (4) occupies or enters the dwelling or locked or posted building of another, without claim of right or consent of the owner or the consent of one who has the right to give consent, except in an emergency situation;
- (5) enters the premises of another with intent to take or injure any fruit, fruit trees, or vegetables growing on the premises, without the permission of the owner or occupant;
- (6) enters or is found on the premises of a public or private cemetery without authorization during hours the cemetery is posted as closed to the public; ~~or~~
- (7) returns to the property of another with the intent to harass, abuse, or threaten another, after being told to leave the property and not to return, if the actor is without claim of right to the property or consent of one with authority to consent;
- (8) returns to the property of another within 30 days after being told to leave the property and not to return, if the actor is without claim of right to the property or consent of one with authority to consent; or
- (9) enters the locked or posted construction site of another without the consent of the owner or lawful possessor, unless the person is a business licensee.

Sec. 33. Minnesota Statutes 1992, section 609.71, is amended to read:

609.71 [RIOT.]

Subdivision 1. [RIOT FIRST DEGREE.] When three or more persons assembled disturb the public peace by an intentional act or threat of unlawful force or violence to person or property and a death results, and one of the persons is armed with a dangerous weapon, that person is guilty of riot first degree and may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than \$35,000, or both.

Subd. 2. [RIOT SECOND DEGREE.] When three or more persons assembled disturb the public peace by an intentional act or threat of unlawful force or violence to person or property, each participant who is armed with a dangerous weapon or knows that any other participant is armed with a dangerous weapon is guilty of riot second degree 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.

Subd. 3. [RIOT THIRD DEGREE.] When three or more persons assembled disturb the public peace by an intentional act or threat of unlawful force or violence to person or property, each participant therein is guilty of riot third degree and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$1,000, or both, or, if the offender, or to the offender's knowledge any other participant, is armed with a dangerous weapon or is disguised, to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

Sec. 34. Minnesota Statutes 1992, section 609.713, subdivision 1, is amended to read:

Subdivision 1. Whoever threatens, directly or indirectly, to commit any crime of violence with purpose to terrorize another or to cause evacuation of a building, place of assembly or facility of public transportation or otherwise to cause serious public inconvenience, or in a reckless disregard of the risk of causing such terror or inconvenience may be sentenced to imprisonment for not more than five years. As used in this subdivision, "crime of violence" has the meaning given "violent crime" in section 609.152, subdivision 1, paragraph (d).

Sec. 35. Minnesota Statutes 1992, section 609.856, subdivision 1, is amended to read:

Subdivision 1. [ACTS CONSTITUTING.] Whoever has in possession or uses a radio or device capable of receiving or transmitting a police radio signal, message, or transmission of information used for law enforcement purposes, while in the commission of a felony or violation of section 609.487 or the attempt to commit a felony or violation of section 609.487, 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. Notwithstanding section 609.04, a prosecution for or conviction of the crime of use or possession of a police radio under this section is not a bar to conviction or punishment for any other crime committed while possessing or using the police radio by the defendant as part of the same conduct.

Sec. 36. Minnesota Statutes 1992, section 628.26, is amended to read:

628.26 [LIMITATIONS.]

(a) Indictments or complaints for murder may be found or made at any time after the death of the person killed.

(b) Indictments or complaints for violation of section 609.42, subdivision 1, clause (1) or (2), shall be found or made and filed in the proper court within six years after the commission of the offense.

(c) Indictments or complaints for violation of sections 609.342 to 609.345 if the victim was under the age of 18 years at the time the offense was committed, shall be found or made and filed in the proper court within seven years after the commission of the offense or, if the victim failed to report the offense within this limitation period, within three years after the offense was reported to law enforcement authorities.

(d) Indictments or complaints for violation of sections 609.342 to 609.344 if the victim was 18 years old or older at the time the offense was committed, shall be found or made and filed in the proper court within seven years after the commission of the offense.

(e) Indictments or complaints for violation of sections 609.466 and 609.52, subdivision 2, clause (3)(c) shall be found or made and filed in the proper court within six years after the commission of the offense.

(f) Indictments or complaints for violation of section 609.52, subdivision 2, clause (3), items (a) and (b), (4), (15), or (16), 609.631, or 609.821, where the value of the property or services stolen is more than \$35,000, shall be found or made and filed in the proper court within five years after the commission of the offense.

(g) Except for violations relating to false material statements, representations or omissions, indictments or complaints for violations of section 609.671 shall be found or made and filed in the proper court within five years after the commission of the offense.

(h) In all other cases, indictments or complaints shall be found or made and filed in the proper court within three years after the commission of the offense; ~~but the time during which the defendant shall not be an inhabitant of, or usually resident within, this state, shall not constitute any part of the limitations imposed by this section.~~

(i) The limitations periods contained in this section shall exclude any period of time during which the defendant was not an inhabitant of or usually resident within this state.

Sec. 37. Minnesota Statutes 1992, section 641.14, is amended to read:

641.14 [JAILS; SEPARATION OF PRISONERS.]

The sheriff of each county is responsible for the operation and condition of the jail. If construction of the jail permits, the sheriff shall maintain strict separation of prisoners to the extent that separation is consistent with prisoners' security, safety, health, and welfare. The sheriff shall not keep in the same room or section of the jail:

(1) a minor under 18 years old and a prisoner who is 18 years old or older, unless the minor has been committed to the commissioner of corrections under section 609.105 or the minor has been referred for adult prosecution and the prosecuting authority has filed a notice of intent to prosecute the matter for which the minor is being held under section 260.125; and

~~(2) an insane prisoner and another prisoner;~~

~~(3) a prisoner awaiting trial and a prisoner who has been convicted of a crime;~~

~~(4) a prisoner awaiting trial and another prisoner awaiting trial, unless consistent with the safety, health, and welfare of both; and~~

~~(5) a female prisoner and a male prisoner.~~

Sec. 38. Laws 1992, chapter 571, article 7, section 13, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The supreme court shall conduct a study of the juvenile justice system. To conduct the study, the court shall convene an advisory task force on the juvenile justice system, consisting of the following ~~20~~ 27 members:

(1) four judges appointed by the chief justice of the supreme court;

~~(2) two~~ three members of the house of representatives, one of whom must be a member of the minority party, appointed by the speaker, and ~~two~~ three members of the senate, one of whom must be a member of the minority party, appointed by the subcommittee on committees of the senate committee on rules and administration;

(3) two professors of law appointed by the chief justice of the supreme court;

(4) the state public defender;

(5) one county attorney who is responsible for juvenile court matters, appointed by the chief justice of the supreme court on recommendation of the Minnesota county attorneys association;

(6) two corrections administrators appointed by the governor, one from a community corrections act county and one from a noncommunity corrections act county;

(7) the commissioner of human services;

(8) the commissioner of corrections;

(9) two public members appointed by the governor, one of whom is a victim of crime, and five public members appointed by the chief justice of the supreme court; and

(10) two law enforcement officers who are responsible for juvenile delinquency matters, appointed by the governor.

Sec. 39. [CONFERENCE OF CHIEF JUDGES; STUDY REQUESTED.]

The conference of chief judges is requested to study whether the rules of criminal procedure should be changed to make the pretrial procedures for gross misdemeanor offenses the same as those currently applicable to misdemeanor offenses.

Sec. 40. [REPEALER.]

Minnesota Statutes 1992, section 609.131, subdivision 1a, is repealed.

Sec. 41. [EFFECTIVE DATE.]

(a) Sections 1 to 9, and 11 to 39 are effective August 1, 1993, and apply to crimes committed on or after that date. Section 40 is effective retroactive to April 30, 1992, and applies to cases pending on or after that date.

(b) Section 10 is effective August 1, 1993, and applies to crimes committed on or after that date, but previous convictions occurring before that date may serve as the basis for enhancing penalties under section 10.

Sec. 42. [APPLICATION.]

Section 4 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 43. [APPLICATION.]

The intent of section 36 is to clarify the provisions of Minnesota Statutes, section 628.26.

ARTICLE 5

ARSON CRIMES AND RELATED OFFENSES

Section 1. Minnesota Statutes 1992, section 299F.04, is amended by adding a subdivision to read:

Subd. 5. [NOTIFICATION.] (a) As used in this subdivision, "chief officer" means the city fire marshal or chief officer of a law enforcement agency's arson investigation unit in a city of the first class.

(b) The officer making investigation of a fire resulting in a human death shall immediately notify either the state fire marshal or a chief officer. The state fire marshal or chief officer may conduct an investigation to establish the origin and cause regarding the circumstance of the death. If the chief officer undertakes the investigation, the officer shall promptly notify the state fire marshal of the investigation and, after the investigation is completed, shall forward a copy of the investigative report to the state fire marshal. Unless the investigating officer does so, the state fire marshal or chief officer shall immediately notify the appropriate coroner or medical examiner of a human death occurring as a result of a fire. The coroner or medical examiner shall perform an autopsy in the case of a human death as provided in section 390.11, subdivision 2a, or 390.32, subdivision 2a, as appropriate.

Sec. 2. Minnesota Statutes 1992, section 299F.811, is amended to read:

299F.811 [POSSESSION FOR CRIMINAL PURPOSE OF EXPLOSIVE OR INCENDIARY DEVICE.]

Whoever possesses, manufactures, or transports any explosive compound, timing or detonating device for use with any explosive compound or incendiary device and either intends to use the explosive or device to commit a crime or knows that another intends to use the explosive or device to commit a crime is not licensed to so possess an explosive compound or device, 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. 3. Minnesota Statutes 1992, section 299F.815, subdivision 1, is amended to read:

Subdivision 1. ~~[UNLAWFUL PURPOSE POSSESSION.]~~ (a) Whoever shall possess, manufacture, transport, or store a chemical self-igniting device or a molotov cocktail ~~with intent to use the same for any unlawful purpose~~ 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) Whoever possesses, manufactures, transports, or stores a device or compound that, when used or mixed has the potential to cause an explosion, with intent to use the device or compound to damage property or cause injury, 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. Minnesota Statutes 1992, section 390.11, is amended by adding a subdivision to read:

Subd. 2a. [DEATHS CAUSED BY FIRE; AUTOPSIES.] The coroner shall conduct an autopsy in the case of any human death reported to the coroner by the state fire marshal or a chief officer under section 299F.04, subdivision 5, and apparently caused by fire.

Sec. 5. Minnesota Statutes 1992, section 390.32, is amended by adding a subdivision to read:

Subd. 2a. [DEATHS CAUSED BY FIRE; AUTOPSIES.] The medical examiner shall conduct an autopsy in the case of any human death reported to the medical examiner by the state fire marshal or a chief officer under section 299F.04, subdivision 5, and apparently caused by fire.

Sec. 6. Minnesota Statutes 1992, section 609.02, subdivision 6, is amended to read:

Subd. 6. [DANGEROUS WEAPON.] "Dangerous weapon" means any firearm, whether loaded or unloaded, or any device designed as a weapon and capable of producing death or great bodily harm, ~~or any combustible or flammable liquid or other device or instrumentality that, in the manner it is used or intended to be used, is calculated or likely to produce death or great bodily harm,~~ or any fire that is used to produce death or great bodily harm.

As used in this subdivision, "flammable liquid" means ~~Class I flammable liquids as defined in section 9.109 of the Uniform Fire Code~~ any liquid having a flash point below 100 degrees Fahrenheit and having a vapor pressure not exceeding 40 pounds per square inch (absolute) at 100 degrees Fahrenheit but does not include intoxicating liquor as defined in section 340A.101. As used in this subdivision, "combustible liquid" is a liquid having a flash point at or above 100 degrees Fahrenheit.

Sec. 7. Minnesota Statutes 1992, section 609.562, is amended to read:

609.562 [ARSON IN THE SECOND DEGREE.]

Whoever unlawfully by means of fire or explosives, intentionally destroys or damages any building not covered by section 609.561, no matter what its value, or any other real or personal property valued at more than ~~\$2,500~~ \$1,000, whether the property of the actor or another, 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.

Sec. 8. Minnesota Statutes 1992, section 609.563, subdivision 1, is amended to read:

Subdivision 1. Whoever unlawfully by means of fire or explosives, intentionally destroys or damages any real or personal property may be sentenced to imprisonment for not more than five years or to payment of a fine of \$10,000, or both, if:

(a) the property intended by the accused to be damaged or destroyed had a value of more than \$300 but less than ~~\$2,500~~ \$1,000; or

(b) property of the value of \$300 or more was unintentionally damaged or destroyed but such damage or destruction could reasonably have been foreseen; or

(c) the property specified in clauses (a) and (b) in the aggregate had a value of \$300 or more.

Sec. 9. Minnesota Statutes 1992, section 609.576, subdivision 1, is amended to read:

Subdivision 1. [NEGLIGENT FIRE RESULTING IN INJURY OR PROPERTY DAMAGE.] 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 five years or to payment of a fine of not more than \$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 payment of a fine of \$3,000, or both, if the value of the property damaged is at least \$300 but is less than ~~\$10,000~~ \$2,500;

(3) to imprisonment for not ~~less than 90 days nor~~ more than three years, or to payment of a fine of not more than \$5,000, or both, if the value of the property damaged is ~~\$10,000~~ \$2,500 or more.

Sec. 10. Minnesota Statutes 1992, section 609.686, is amended to read:

609.686 [FALSE FIRE ALARMS; TAMPERING WITH OR INJURING A FIRE ALARM SYSTEM.]

Subdivision 1. [MISDEMEANOR.] Whoever intentionally gives a false alarm of fire, or unlawfully tampers or interferes with any fire alarm system, fire protection device, or the station or signal box of any fire alarm system or any auxiliary fire appliance, or unlawfully breaks, injures, defaces, or removes any such system, device, box or station, or unlawfully breaks, injures, destroys, disables, renders inoperable, or disturbs any of the wires, poles, or other supports and appliances connected with or forming a part of any fire alarm system or fire protection device or any auxiliary fire appliance is guilty of a misdemeanor.

Subd. 2. [FELONY.] Whoever violates subdivision 1 by tampering and knows or has reason to know that the tampering creates the potential for bodily harm or the tampering results in bodily harm 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.

Subd. 3. [TAMPERING.] For purpose of this section, tampering means to intentionally disable, alter, or change the fire alarm system, fire protective device, or the station or signal box of any fire alarm system of any auxiliary fire appliance, with knowledge that it will be disabled or rendered inoperable.

Sec. 11. Minnesota Statutes 1992, section 609.902, subdivision 4, is amended to read:

Subd. 4. [CRIMINAL ACT.] "Criminal act" means conduct constituting, or a conspiracy or attempt to commit, a felony violation of chapter 152, or a felony violation of section 297D.09; 299F.79; 299F.80; 299F.811; 299F.815; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222; 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.323; 609.342; 609.343; 609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52, subdivision 2, if the offense is punishable under subdivision 3, clause (3)(b) or clause 3(d)(v) or (vi); section 609.52, subdivision 2, clause (4); 609.53; 609.561; 609.562; 609.582, subdivision 1 or 2; 609.67; 609.687; 609.713; 609.86; 624.713; or 624.74. "Criminal act" also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation of section 609.52, subdivision 2, clause (3), (4), (15), or (16) if the violation involves an insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service plan corporation regulated under chapter 62C, a health maintenance organization regulated under chapter 62D, or a fraternal benefit society regulated under chapter 64B.

Sec. 12. Minnesota Statutes 1992, section 628.26, is amended to read:

628.26 [LIMITATIONS.]

(a) Indictments or complaints for murder may be found or made at any time after the death of the person killed.

(b) Indictments or complaints for violation of section 609.42, subdivision 1, clause (1) or (2), shall be found or made and filed in the proper court within six years after the commission of the offense.

(c) Indictments or complaints for violation of sections 609.342 to 609.345 if the victim was under the age of 18 years at the time the offense was committed, shall be found or made and filed in the proper court within seven years after the commission of the offense or, if the victim failed to report the offense within this limitation period, within three years after the offense was reported to law enforcement authorities.

(d) Indictments or complaints for violation of sections 609.342 to 609.344 if the victim was 18 years old or older at the time the offense was committed, shall be found or made and filed in the proper court within seven years after the commission of the offense.

(e) Indictments or complaints for violation of sections 609.466 and 609.52, subdivision 2, clause (3)(c) shall be found or made and filed in the proper court within six years after the commission of the offense.

(f) Indictments or complaints for violation of section 609.52, subdivision 2, clause (3), items (a) and (b), (4), (15), or (16), 609.631, or 609.821, where the value of the property or services stolen is more than \$35,000, shall be found or made and filed in the proper court within five years after the commission of the offense.

(g) Except for violations relating to false material statements, representations or omissions, indictments or complaints for violations of section 609.671 shall be found or made and filed in the proper court within five years after the commission of the offense.

(h) Indictments or complaints for violation of sections 609.561 to 609.563, shall be found or made and filed in the proper court within five years after the commission of the offense.

(i) In all other cases, indictments or complaints shall be found or made and filed in the proper court within three years after the commission of the offense; but the time during which the defendant shall not be an inhabitant of, or usually resident within, this state, shall not constitute any part of the limitations imposed by this section.

Sec. 13. [EFFECTIVE DATE.]

Sections 2, 3, and 6 to 12 are effective August 1, 1993, and apply to crimes committed on or after that date.

ARTICLE 6

CRIME VICTIMS

Section 1. [169.042] [TOWING; NOTICE TO VICTIM OF VEHICLE THEFT; FEES PROHIBITED.]

Subdivision 1. [NOTIFICATION.] A law enforcement agency shall make a reasonable and good-faith effort to notify the victim of a reported vehicle theft within 48 hours after the agency recovers the vehicle. The notice must specify when the agency expects to release the vehicle to the owner and how the owner may pick up the vehicle.

Subd. 2. [VIOLATION DISMISSAL.] A traffic violation citation given to the owner of the vehicle as a result of the vehicle theft must be dismissed if the owner presents, by mail or in person, a police report or other verification that the vehicle was stolen at the time of the violation.

Sec. 2. [260.013] [SCOPE OF VICTIM RIGHTS.]

The rights granted to victims of crime in sections 611A.01 to 611A.06 are applicable to adult criminal cases, juvenile delinquency proceedings, juvenile traffic proceedings involving driving under the influence of alcohol or drugs, and proceedings involving any other act committed by a juvenile that would be a crime as defined in section 609.02, if committed by an adult.

Sec. 3. Minnesota Statutes 1992, 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) If the child is found to have violated a state or local law or ordinance and the violation resulted in damage to the person or property of another, the court may order the child to make reasonable restitution for the damage;
- (h) 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)~~ (i) If the court finds that the child committed an offense described in section 169.121, the court shall order that a chemical use assessment be conducted and a report submitted to the court in the manner prescribed in section 169.126. If the assessment concludes that the child meets the level of care criteria for placement under rules adopted under section 254A.03, subdivision 3, the report must recommend 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 an 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 general fund. The state shall reimburse counties for the total cost of the assessment in the manner provided in section 169.126, subdivision 4c.

Sec. 4. Minnesota Statutes 1992, section 260.251, subdivision 1, is amended to read:

Subdivision 1. [CARE, EXAMINATION, OR TREATMENT.] (a) Except where parental rights are terminated,

- (1) whenever legal custody of a child is transferred by the court to a county welfare board, or
- (2) whenever legal custody is transferred to a person other than the county welfare board, but under the supervision of the county welfare board,
- (3) whenever a child is given physical or mental examinations or treatment under order of the court, and no provision is otherwise made by law for payment for the care, examination, or treatment of the child, these costs are a charge upon the welfare funds of the county in which proceedings are held upon certification of the judge of juvenile court.
- (b) The court shall order, and the county welfare board shall require, the parents or custodian of a child, while the child is under the age of 18, to use the total income and resources attributable to the child for the period of care, examination, or treatment, except for clothing and personal needs allowance as provided in section 256B.35, to reimburse the county for the cost of care, examination, or treatment. Income and resources attributable to the child include, but are not limited to, social security benefits, supplemental security income (SSI), veterans benefits, railroad retirement benefits and child support. When the child is over the age of 18, and continues to receive care, examination, or treatment, the court shall order, and the county welfare board shall require, reimbursement from the child for the cost of care, examination, or treatment from the income and resources attributable to the child less the clothing and personal needs allowance.

(c) If the income and resources attributable to the child are not enough to reimburse the county for the full cost of the care, examination, or treatment, the court shall inquire into the ability of the parents to support the child and, after giving the parents a reasonable opportunity to be heard, the court shall order, and the county welfare board shall require, the parents to contribute to the cost of care, examination, or treatment of the child. Except in delinquency

cases where the victim is a member of the child's immediate family, when determining the amount to be contributed by the parents, the court shall use a fee schedule based upon ability to pay that is established by the county welfare board and approved by the commissioner of human services. In delinquency cases where the victim is a member of the child's immediate family, the court shall use the fee schedule, but may also take into account the seriousness of the offense and any expenses which the parents have incurred as a result of the offense. The income of a stepparent who has not adopted a child shall be excluded in calculating the parental contribution under this section.

(d) The court shall order the amount of reimbursement attributable to the parents or custodian, or attributable to the child, or attributable to both sources, withheld under chapter 518 from the income of the parents or the custodian of the child. A parent or custodian who fails to pay without good reason may be proceeded against for contempt, or the court may inform the county attorney, who shall proceed to collect the unpaid sums, or both procedures may be used.

(e) If the court orders a physical or mental examination for a child, the examination is a medically necessary service for purposes of determining whether the service is covered by a health insurance policy, health maintenance contract, or other health coverage plan. Court-ordered treatment shall be subject to policy, contract, or plan requirements for medical necessity. Nothing in this paragraph changes or eliminates benefit limits, conditions of coverage, copayments or deductibles, provider restrictions, or other requirements in the policy, contract, or plan that relate to coverage of other medically necessary services.

Sec. 5. Minnesota Statutes 1992, section 540.18, subdivision 1, is amended to read:

Subdivision 1. The parent or guardian of the person of a minor who is under the age of 18 and who is living with the parent or guardian and who willfully or maliciously causes injury to any person or damage to any property is jointly and severally liable with such minor for such injury or damage to an amount not exceeding ~~\$500~~ \$1,000, if such minor would have been liable for such injury or damage if the minor had been an adult. Nothing in this subdivision shall be construed to relieve such minor from personal liability for such injury or damage. The liability provided in this subdivision is in addition to and not in lieu of any other liability which may exist at law. Recovery under this section shall be limited to special damages.

Sec. 6. [611A.015] [SCOPE OF VICTIM RIGHTS.]

The rights afforded to crime victims in sections 611A.01 to 611A.06 are applicable to adult criminal cases, juvenile delinquency proceedings, juvenile traffic proceedings involving driving under the influence of alcohol or drugs, and proceedings involving any other act committed by a juvenile that would be a crime as defined in section 609.02, if committed by an adult.

Sec. 7. Minnesota Statutes 1992, section 611A.02, subdivision 2, is amended to read:

Subd. 2. [VICTIMS' RIGHTS.] (a) ~~The commissioner of public safety, in consultation with~~ The crime victim and witness advisory council, ~~must shall~~ develop two model notices of the rights of crime victims. ~~The notice must include a form for the preparation of a preliminary written victim impact summary. A preliminary victim impact summary is a concise statement of the immediate and expected damage to the victim as a result of the crime. A victim desiring to file a preliminary victim impact summary must file the summary with the investigating officer no more than five days after the victim receives the notice from a peace officer. If a preliminary victim impact statement is filed with the investigating officer, it must be sent to the prosecutor with other investigative materials. If a prosecutor has received a preliminary victim impact summary, the prosecutor must present the summary to the court. This subdivision does not relieve a probation officer of the notice requirements imposed by section 611A.037, subdivision 2.~~

(b) The initial notice of the rights of crime victims must be distributed by a peace officer to each victim, as defined in section 611A.01, ~~when the peace officer takes a formal statement from the victim. A peace officer is not obligated to distribute the notice if a victim does not make a formal statement at the time of initial contact with the victim.~~ The notice must inform a victim of:

(1) the victim's right to request restitution under section 611A.04 apply for reparations to cover losses, not including property losses, resulting from a violent crime and the telephone number to call to request an application;

~~(2) the victim's right to be notified of any plea negotiations under section 611A.03 request that the law enforcement agency withhold public access to data revealing the victim's identity under section 13.82, subdivision 10, paragraph (d);~~

~~(3) the victim's right to be present at sentencing, and to object orally or in writing to a proposed agreement or disposition; and additional rights of domestic abuse victims as described in section 629.341;~~

~~(4) the victim's right to be notified of the final disposition of the case. information on the nearest crime victim assistance program or resource; and~~

~~(5) the victim's rights, if an offender is charged, to be informed of and participate in the prosecution process, including the right to request restitution.~~

~~(c) A supplemental notice of the rights of crime victims must be distributed by the city or county attorney's office to each victim, within a reasonable time after the offender is charged or petitioned. This notice must inform a victim of all the rights of crime victims under this chapter.~~

Sec. 8. Minnesota Statutes 1992, section 611A.04, subdivision 1, is amended to read:

Subdivision 1. [REQUEST; DECISION.] (a) A victim of a crime has the right to receive restitution as part of the disposition of a criminal charge or juvenile delinquency proceeding against the offender if the offender is convicted or found delinquent. The court, or a person or agency designated by the court, shall request information from the victim to determine the amount of restitution owed. The court or its designee shall obtain the information from the victim in affidavit form or by other competent evidence. Information submitted relating to restitution must describe the items or elements of loss, itemize the total dollar amounts of restitution claimed, and specify the reasons justifying these amounts, if restitution is in the form of money or property. A request for restitution may include, but is not limited to, any out-of-pocket losses resulting from the crime, including medical and therapy costs, replacement of wages and services, and funeral expenses. In order to be considered at the sentencing or dispositional hearing, all information regarding restitution must be received by the court administrator of the appropriate court ~~and must also be provided to the offender at least three business days before the sentencing or dispositional hearing. If the victim's noncooperation prevents the court or its designee from obtaining competent evidence regarding restitution, the court is not obligated to consider information regarding restitution in the sentencing or dispositional hearing.~~ The court administrator shall provide copies of this request to the prosecutor and the offender or the offender's attorney at least 24 hours before the sentencing or dispositional hearing. The issue of restitution may be reserved or the sentencing or disposition continued if the affidavit or other competent evidence is not received in time. At the sentencing or dispositional hearing, the court shall give the offender an opportunity to respond to specific items of restitution and their dollar amounts.

(b) The court may amend or issue an order of restitution after the sentencing or dispositional hearing if:

(1) the offender is on probation or supervised release;

(2) information regarding restitution was submitted as required under paragraph (a); and

(3) the true extent of the victim's loss was not known at the time of the sentencing or dispositional hearing.

If the court holds a hearing on the restitution request, the court must notify the offender, the offender's attorney, the victim, and the prosecutor at least five business days before the hearing. The court's restitution decision is governed by this section and section 611A.045.

(c) The court shall grant or deny restitution or partial restitution and shall state on the record its reasons for its decision on restitution if information relating to restitution has been presented. If the court grants partial restitution it shall also specify the full amount of restitution that may be docketed as a civil judgment under subdivision 3. The court may not require that the victim waive or otherwise forfeit any rights or causes of action as a condition of granting restitution or partial restitution.

Sec. 9. Minnesota Statutes 1992, section 611A.04, subdivision 1a, is amended to read:

Subd. 1a. [CRIME BOARD REQUEST.] The crime victims reparations board may request restitution on behalf of a victim by filing a copy of a ~~claim for reparations submitted under sections 611A.52 to 611A.67, along with orders of the board, if any, which detail any amounts paid by the board to the victim. The board may file the claim payment order~~ with the court administrator or with the person or agency the court has designated to obtain information relating to restitution. In either event, the board shall submit the claim payment order not less than three business days before the sentencing or dispositional hearing. ~~If the board submits the claim directly to the court administrator, it shall also provide a copy to the offender. The court administrator shall provide copies of the payment order to the prosecutor and the offender or the offender's attorney at least 24 hours before the sentencing or dispositional hearing. The issue of restitution may be reserved or the sentencing or disposition continued if the payment order is not received in time.~~ The filing of a claim payment order for reparations with the court administrator shall also serve as a request for restitution by the victim. The restitution requested by the board may be considered to be both on its own behalf and on behalf of the victim. If the board has not paid reparations to the victim, restitution may be made directly to the victim. If the board has paid reparations to the victim, the court shall order restitution payments to be made directly to the board.

Sec. 10. Minnesota Statutes 1992, section 611A.04, subdivision 3, is amended to read:

Subd. 3. [EFFECT OF ORDER FOR RESTITUTION.] An order of restitution may be enforced by any person named in the order to receive the restitution in the same manner as a judgment in a civil action. Filing fees for docketing an order of restitution as a civil judgment are waived for any victim named in the restitution order. An order of restitution shall be docketed as a civil judgment by the court administrator of the district court in the county in which the order of restitution was entered. A juvenile court is not required to appoint a guardian ad litem for a juvenile offender before docketing a restitution order. Interest shall accrue on the unpaid balance of the judgment as provided in section 549.09. A decision for or against restitution in any criminal or juvenile proceeding is not a bar to any civil action by the victim or by the state pursuant to section 611A.61 against the offender. The offender shall be given credit, in any order for judgment in favor of a victim in a civil action, for any restitution paid to the victim for the same injuries for which the judgment is awarded.

Sec. 11. Minnesota Statutes 1992, section 611A.06, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF RELEASE REQUIRED.] The commissioner of corrections or other custodial authority shall make a good faith effort to notify the victim that the offender is to be released from imprisonment or incarceration, including release on extended furlough and for work release; released from a juvenile correctional facility; released from a facility in which the offender was confined due to incompetency, mental illness, or mental deficiency, or commitment under section 253B.18; or transferred ~~from one correctional facility to another when the correctional program involves less security to a~~ minimum security setting, if the victim has mailed to the commissioner of corrections or to the head of the facility in which the offender is confined a written request for this notice. The good faith effort to notify the victim must occur prior to the release, transfer, or change in security status. For a victim of a felony crime against the person for which the offender was sentenced to a term of imprisonment of more than 18 months, the good faith effort to notify the victim must occur 60 days before the offender's release, transfer, or change ~~in~~ to minimum security status.

Sec. 12. Minnesota Statutes 1992, section 611A.52, subdivision 5, is amended to read:

Subd. 5. [COLLATERAL SOURCE.] "Collateral source" means a source of benefits or advantages for economic loss otherwise reparable under sections 611A.51 to 611A.67 which the victim or claimant has received, or which is readily available to the victim, from:

- (1) the offender;
- (2) the government of the United States or any agency thereof, a state or any of its political subdivisions, or an instrumentality of two or more states, unless the law providing for the benefits or advantages makes them excess or secondary to benefits under sections 611A.51 to 611A.67;
- (3) social security, medicare, and medicaid;
- (4) state required temporary nonoccupational disability insurance;

- (5) workers' compensation;
- (6) wage continuation programs of any employer;
- (7) proceeds of a contract of insurance payable to the victim for economic loss sustained because of the crime;
- (8) a contract providing prepaid hospital and other health care services, or benefits for disability; or
- (9) any private source as a voluntary donation or gift; or
- (10) proceeds of a lawsuit brought as a result of the crime.

The term does not include a life insurance contract.

Sec. 13. Minnesota Statutes 1992, section 611A.52, subdivision 8, is amended to read:

Subd. 8. [ECONOMIC LOSS.] "Economic loss" means actual economic detriment incurred as a direct result of injury or death.

(a) In the case of injury the term is limited to:

(1) reasonable expenses incurred for necessary medical, chiropractic, hospital, rehabilitative, and dental products, services, or accommodations, including ambulance services, drugs, appliances, and prosthetic devices;

(2) reasonable expenses associated with recreational therapy where a claimant has suffered amputation of a limb;

(3) reasonable expenses incurred for psychological or psychiatric products, services, or accommodations where the nature of the injury or the circumstances of the crime are such that the treatment is necessary to the rehabilitation of the victim, subject to the following limitations:

(i) if treatment is likely to continue longer than six months after the date the claim is filed and the cost of the additional treatment will exceed \$1,500, or if the total cost of treatment in any case will exceed \$4,000, the provider shall first submit to the board a plan which includes the measurable treatment goals, the estimated cost of the treatment, and the estimated date of completion of the treatment. Claims submitted for treatment that was provided more than 30 days after the estimated date of completion may be paid only after advance approval by the board of an extension of treatment; and

(ii) the board may, in its discretion, elect to pay claims under this clause on a quarterly basis;

(4) loss of income that the victim would have earned had the victim not been injured;

(5) reasonable expenses incurred for substitute child care or household services to replace those the victim would have performed had the victim not been injured. As used in this clause, "child care services" means services provided by facilities licensed under and in compliance with either Minnesota Rules, parts 9502.0315 to 9502.0445, or 9545.0510 to 9545.0670, or exempted from licensing requirements pursuant to section 245A.03. Licensed facilities must be paid at a rate not to exceed their standard rate of payment. Facilities exempted from licensing requirements must be paid at a rate not to exceed \$3 an hour per child for daytime child care or \$4 an hour per child for evening child care; and

(6) reasonable expenses actually incurred to return a child who was a victim of a crime under section 609.25 or 609.26 to the child's parents or lawful custodian. These expenses are limited to transportation costs, meals, and lodging from the time the child was located until the child was returned home.

(b) In the case of death the term is limited to:

(1) reasonable expenses actually incurred for funeral, burial, or cremation, not to exceed an amount to be determined by the board on the first day of each fiscal year;

(2) reasonable expenses for medical, chiropractic, hospital, rehabilitative, psychological and psychiatric services, products or accommodations which were incurred prior to the victim's death and for which the victim's survivors or estate are liable;

(3) loss of support, including contributions of money, products or goods, but excluding services which the victim would have supplied to dependents if the victim had lived; and

(4) reasonable expenses incurred for substitute child care and household services to replace those which the victim would have performed for the benefit of dependents if the victim had lived.

Claims for loss of support for minor children made under clause (3) must be paid for three years or until the child reaches 18 years old, whichever is the shorter period. After three years, if the child is ~~less~~ younger than 18 years old a claim for loss of support may be resubmitted to the board, and the board staff shall evaluate the claim giving consideration to the child's financial need and to the availability of funds to the board. Claims for loss of support for a spouse made under clause (3) shall also be reviewed at least once every three years. The board staff shall evaluate the claim giving consideration to the spouse's financial need and to the availability of funds to the board.

Claims for substitute child care services made under clause (4) must be limited to the actual care that the deceased victim would have provided to enable surviving family members to pursue economic, educational, and other activities other than recreational activities.

Sec. 14. Minnesota Statutes 1992, section 611A.52, subdivision 9, is amended to read:

Subd. 9. [INJURY.] "Injury" means actual bodily harm including pregnancy and ~~mental or nervous shock~~ emotional trauma.

Sec. 15. Minnesota Statutes 1992, section 611A.57, subdivision 2, is amended to read:

Subd. 2. The board ~~member to whom the claim is assigned~~ staff shall examine the papers filed in support of the claim and cause an investigation to be conducted into the validity of ~~the a~~ a claim to the extent that an investigation is necessary.

Sec. 16. Minnesota Statutes 1992, section 611A.57, subdivision 3, is amended to read:

Subd. 3. [CLAIM DECISION.] The board ~~member to whom a claim is assigned~~ executive director may decide the claim in favor of a claimant in the amount claimed on the basis of the papers filed in support of it and the report of the investigation of such claim. If unable to decide the claim upon the basis of the papers and any report of investigation, the board ~~member~~ executive director shall discuss the matter with other members of the board present at a board meeting. After discussion the board shall vote on whether to grant or deny the claim or whether further investigation is necessary. A decision granting or denying the claim shall then be issued by the executive director ~~or the board member to whom the claim was assigned~~.

Sec. 17. Minnesota Statutes 1992, section 611A.57, subdivision 5, is amended to read:

Subd. 5. [RECONSIDERATION.] The claimant may, within 30 days after receiving the decision of the board, apply for reconsideration before the entire board. Upon request for reconsideration, the board shall reexamine all information filed by the claimant, including any new information the claimant provides, and all information obtained by investigation. The board may also conduct additional examination into the validity of the claim. Upon reconsideration, the board may affirm, modify, or reverse ~~its~~ the prior ruling. A claimant denied reparations upon reconsideration is entitled to a contested case hearing within the meaning of chapter 14.

Sec. 18. Minnesota Statutes 1992, section 611A.66, is amended to read:

611A.66 [LAW ENFORCEMENT AGENCIES; DUTY TO INFORM VICTIMS OF RIGHT TO FILE CLAIM.]

All law enforcement agencies investigating crimes shall provide ~~forms to each person who may be eligible to file a claim pursuant to sections 611A.51 to 611A.67 and to inform them of their rights hereunder. All law enforcement agencies shall obtain from the board and maintain a supply of all forms necessary for the preparation and presentation of claims~~ victims with notice of their right to apply for reparations with the telephone number to call to request an application form.

Law enforcement agencies shall assist the board in performing its duties under sections 611A.51 to 611A.67. Law enforcement agencies within ten days after receiving a request from the board shall supply the board with requested reports, notwithstanding any provisions to the contrary in chapter 13, and including reports otherwise maintained as confidential or not open to inspection under section 260.161. All data released to the board retains the data classification that it had in the possession of the law enforcement agency.

Sec. 19. Minnesota Statutes 1992, section 611A.71, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The Minnesota crime victim and witness advisory council is established and shall consist of ~~15~~ 16 members.

Sec. 20. Minnesota Statutes 1992, section 611A.71, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) The crime victim and witness advisory council shall consist of the following members, appointed by the commissioner of public safety after consulting with the commissioner of corrections:

- (1) one district court judge appointed upon recommendation of the chief justice of the supreme court;
- (2) one county attorney appointed upon recommendation of the Minnesota county attorneys association;
- (3) one public defender appointed upon recommendation of the state public defender;
- (4) one peace officer;
- (5) one medical or osteopathic physician licensed to practice in this state;
- (6) five members who are crime victims or crime victim assistance representatives; ~~and~~
- (7) three public members; and
- (8) one member appointed on recommendation of the Minnesota general crime victim coalition.

The appointments should take into account sex, race, and geographic distribution. No more than seven of the members appointed under this paragraph may be of one gender. One of the nonlegislative members must be designated by the commissioner of public safety as chair of the council.

(b) Two members of the council shall be members of the legislature who have demonstrated expertise and interest in crime victims issues, one senator appointed under rules of the senate and one member of the house of representatives appointed under rules of the house of representatives.

Sec. 21. Minnesota Statutes 1992, section 611A.71, subdivision 3, is amended to read:

Subd. 3. [TERMS OF OFFICE.] ~~Each appointed member must be appointed for a four-year term coterminous with the governor's term of office, and shall continue to serve during that time as long as the member occupies the position which made that member eligible for the appointment. Each member shall continue in office until that member's successor is duly appointed. Section 15.059 governs the terms of office, filling of vacancies, and removal of members of the crime victim and witness advisory council.~~ Members are eligible for reappointment and appointment may be made to fill an unexpired term. The members of the council shall elect any additional officers necessary for the efficient discharge of their duties.

Sec. 22. Minnesota Statutes 1992, section 611A.71, subdivision 7, is amended to read:

Subd. 7. [EXPIRATION.] The council expires ~~as provided in section 15.059, subdivision 5~~ on June 30, 1995.

Sec. 23. Minnesota Statutes 1992, section 626.556, subdivision 10, is amended to read:

Subd. 10. [DUTIES OF LOCAL WELFARE AGENCY AND LOCAL LAW ENFORCEMENT AGENCY UPON RECEIPT OF A REPORT.] (a) 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 or the child may be transported to, and the interview conducted at, a place appropriate for the interview of a child designated by the local welfare agency or law enforcement agency. The interview 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 neglecting a child, and to provide the facility with a copy of the report and the investigative findings.

Sec. 24. Minnesota Statutes 1992, section 631.046, subdivision 1, is amended to read:

Subdivision 1. [CHILD ABUSE AND VIOLENT CRIME CASES.] Notwithstanding any other law, a prosecuting witness under 18 years of age in a case involving child abuse as defined in section 630.36, subdivision 2, a crime of violence, as defined in section 624.712, subdivision 5, or an assault under section 609.224, may choose to have in attendance or be accompanied by a parent, guardian, or other supportive person, whether or not a witness, at the omnibus hearing or at the trial, during testimony of the prosecuting witness. If the person so chosen is also a prosecuting witness, the prosecution shall present on noticed motion, evidence that the person's attendance is both desired by the prosecuting witness for support and will be helpful to the prosecuting witness. Upon that showing the court shall grant the request unless information presented by the defendant or noticed by the court establishes that the support person's attendance during the testimony of the prosecuting witness would pose a substantial risk of influencing or affecting the content of that testimony.

Sec. 25. [APPLICABILITY.]

The gender balance requirement of section 20 applies only to appointments made after the effective date of that section and does not require displacement of incumbents before the end of their term.

Sec. 26. [REPEALER.]

Minnesota Statutes 1992, section 611A.57, subdivision 1, is repealed.

ARTICLE 7

LAW ENFORCEMENT

Section 1. Minnesota Statutes 1992, section 8.16, subdivision 1, is amended to read:

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, cellular phone companies, paging companies, electric companies, gas companies, water utilities, chemical suppliers, hotels and motels, pawn shops, airlines, buses, taxis, and other entities engaged in the business of transporting people, and freight companies, self-service storage facilities, warehousing companies, package delivery companies, and other entities engaged in the businesses of transport, storage, or delivery, and records of the existence of safe deposit box account numbers and customer savings and checking account numbers maintained by financial institutions and safe deposit companies. Subpoenas may only be issued for records that are relevant to an ongoing legitimate law enforcement investigation.

Sec. 2. Minnesota Statutes 1992, section 169.222, is amended by adding a subdivision to read:

Subd. 11. [PEACE OFFICERS OPERATING BICYCLES.] The provisions of this section governing operation of bicycles do not apply to bicycles operated by peace officers while performing their duties.

Sec. 3. Minnesota Statutes 1992, section 169.98, subdivision 1a, is amended to read:

Subd. 1a. [VEHICLE STOPS.] ~~Except as otherwise permitted under sections 221.221 and 299D.06,~~ Only a person who is licensed as a peace officer, constable, or part-time peace officer under sections 626.84 to section 626.863 may use a motor vehicle governed by subdivision 1 to stop a vehicle as defined in section 169.01, subdivision 2. In addition, a hazardous materials specialist employed by the department of transportation may, in the course of responding to an emergency, use a motor vehicle governed by subdivision 1 to stop a vehicle as defined in section 169.01, subdivision 2.

Sec. 4. Minnesota Statutes 1992, section 214.10, is amended by adding a subdivision to read:

Subd. 10. [RECEIPT OF COMPLAINT.] Notwithstanding the provisions of subdivision 1 to the contrary, when the executive director or any member of the board of peace officer standards and training produces or receives a written statement or complaint that alleges a violation of a statute or rule that the board is empowered to enforce, the executive director shall designate the appropriate law enforcement agency to investigate the complaint and shall order it to conduct an inquiry into the complaint's allegations. The investigating agency must complete the inquiry and submit a written summary of it to the executive director within 30 days of the order for inquiry.

Sec. 5. Minnesota Statutes 1992, section 214.10, is amended by adding a subdivision to read:

Subd. 11. [REASONABLE GROUNDS DETERMINATION.] (a) After the investigation is complete, the executive director shall convene a three-member committee of the board to determine if the complaint constitutes reasonable grounds to believe that a violation within the board's enforcement jurisdiction has occurred. At least two members of the committee must be board members who are peace officers. No later than 30 days before the committee meets, the executive director shall give the licensee who is the subject of the complaint and the complainant written notice of the meeting. The executive director shall also give the licensee a copy of the complaint. Before making its determination, the committee shall give the complaining party and the licensee who is the subject of the complaint a reasonable opportunity to be heard.

(b) The committee shall, by majority vote, after considering the information supplied by the investigating agency and any additional information supplied by the complainant or the licensee who is the subject of the complaint, take one of the following actions:

(1) find that reasonable grounds exist to believe that a violation within the board's enforcement jurisdiction has occurred and order that an administrative hearing be held;

(2) decide that no further action is warranted; or

(3) continue the matter.

The executive director shall promptly give notice of the committee's action to the complainant and the licensee.

(c) If the committee determines that a complaint does not relate to matters within its enforcement jurisdiction but does relate to matters within another state or local agency's enforcement jurisdiction, it shall refer the complaint to the appropriate agency for disposition.

Sec. 6. Minnesota Statutes 1992, section 214.10, is amended by adding a subdivision to read:

Subd. 12. [ADMINISTRATIVE HEARING; BOARD ACTION.] (a) Notwithstanding the provisions of subdivision 2 to the contrary, an administrative hearing shall be held if ordered by the committee under subdivision 11, paragraph (b). After the administrative hearing is held, the administrative law judge shall refer the matter to the full board for final action.

(b) Before the board meets to take action on the matter and the executive director must notify the complainant and the licensee who is the subject of the complaint. After the board meets, the executive director must promptly notify these individuals and the chief law enforcement officer of the agency employing the licensee of the board's disposition.

Sec. 7. Minnesota Statutes 1992, section 214.10, is amended by adding a subdivision to read:

Subd. 13. [DEFINITION.] As used in subdivisions 10 to 12, "appropriate law enforcement agency" means the law enforcement agency assigned by the executive director and the chair of the committee of the board convened under subdivision 11.

Sec. 8. Minnesota Statutes 1992, section 299D.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] The commissioner is hereby authorized to employ and designate a chief supervisor, a chief assistant supervisor, and such assistant supervisors, sergeants and officers as are provided by law, who shall comprise the Minnesota state patrol. The members of the Minnesota state patrol shall have the power and authority:

(1) As peace officers to enforce the provisions of the law relating to the protection of and use of trunk highways.

(2) At all times to direct all traffic on trunk highways in conformance with law, and in the event of a fire or other emergency, or to expedite traffic or to insure safety, to direct traffic on other roads as conditions may require notwithstanding the provisions of law.

(3) To serve search warrants related to criminal motor vehicle and traffic violations and arrest warrants, and legal documents anywhere in the state.

(4) To serve orders of the commissioner of public safety or the commissioner's duly authorized agents issued under the provisions of the Drivers License Law, the Safety Responsibility Act, or relating to authorized brake and light testing stations, anywhere in the state and to take possession of any license, permit or certificate ordered to be surrendered.

(5) To inspect official brake and light adjusting stations.

(6) To make appearances anywhere within the state for the purpose of conducting traffic safety educational programs and school bus clinics.

(7) To exercise upon all trunk highways the same powers with respect to the enforcement of laws relating to crimes, as sheriffs, constables and police officers.

(8) To cooperate, under instructions and rules of the commissioner of public safety, with all sheriffs and other police officers anywhere in the state, provided that said employees shall have no power or authority in connection with strikes or industrial disputes.

(9) To assist and aid any peace officer whose life or safety is in jeopardy.

(10) As peace officers to provide security and protection to the governor, governor elect, either or both houses of the legislature, and state buildings or property in the manner and to the extent determined to be necessary after consultation with the governor, or a designee. Pursuant to this clause, members of the state patrol, acting as peace officers have the same powers with respect to the enforcement of laws relating to crimes, as sheriffs, constables and police officers have within their respective jurisdictions.

(11) To inspect school buses anywhere in the state for the purposes of determining compliance with vehicle equipment, pollution control, and registration requirements.

(12) As peace officers to make arrests for public offenses committed in their presence anywhere within the state. Persons arrested for violations other than traffic violations shall be referred forthwith to the appropriate local law enforcement agency for further investigation or disposition.

The state may contract for state patrol members to render the services described in this section in excess of their regularly scheduled duty hours and patrol members rendering such services shall be compensated in such amounts, manner and under such conditions as the agreement provides.

Employees thus employed and designated shall subscribe an oath.

Sec. 9. Minnesota Statutes 1992, section 299D.06, is amended to read:

299D.06 [INSPECTIONS; WEIGHING.]

Personnel to enforce the laws relating to motor vehicle equipment, school bus equipment, drivers license, motor vehicle registration, motor vehicle size and weight, and motor vehicle petroleum tax, to enforce public utilities commission rules relating to motor carriers, to enforce pollution control agency rules relating to motor vehicle noise abatement, and to enforce laws relating to directing the movement of vehicles shall be classified employees of the commissioner of public safety assigned to the division of state patrol. Employees engaged in these duties, while actually on the job during their working hours only, shall have power to issue citations in lieu of arrest and continued detention and to prepare notices to appear in court for violation of these laws and rules, in the manner provided in section 169.91, subdivision 3. They shall not be armed and shall have none of the other powers and privileges reserved to peace officers.

Sec. 10. Minnesota Statutes 1992, section 388.23, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The county attorney, or any deputy or assistant county attorney whom the county attorney authorizes in writing, has the authority to subpoena and require the production of any records of telephone companies, cellular phone companies, paging companies, electric companies, gas companies, water utilities, chemical

suppliers, hotels and motels, pawn shops, airlines, buses, taxis, and other entities engaged in the business of transporting people, and freight companies, warehousing companies, self-service storage facilities, package delivery companies, and other entities engaged in the businesses of transport, storage, or delivery, and records of the existence of safe deposit box account numbers and customer savings and checking account numbers maintained by financial institutions and safe deposit companies. Subpoenas may only be issued for records that are relevant to an ongoing legitimate law enforcement investigation.

Sec. 11. [473.407] [METROPOLITAN TRANSIT COMMISSION POLICE.]

Subdivision 1. [AUTHORIZATION.] The metropolitan transit commission may appoint peace officers, as defined in section 626.84, subdivision 1, paragraph (c), and establish a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (h), known as the metropolitan transit commission police, to police its property and routes and to make arrests under sections 629.30 and 629.34. The jurisdiction of the law enforcement agency is limited to offenses relating to commission property, equipment, employees, and passengers.

Subd. 2. [LIMITATIONS.] The initial processing of a person arrested by the transit commission police for an offense within the agency's jurisdiction is the responsibility of the transit commission police unless otherwise directed by the law enforcement agency with primary jurisdiction. A subsequent investigation is the responsibility of the law enforcement agency of the jurisdiction in which the crime was committed. The transit commission police are not authorized to apply for a search warrant as prescribed in section 626.05.

Subd. 3. [POLICIES.] Before the commission begins to operate its law enforcement agency within a city or county with an existing law enforcement agency, the transit commission police shall develop, in conjunction with the law enforcement agencies, written policies that describe how the issues of joint jurisdiction will be resolved. The policies must also address the operation of emergency vehicles by transit commission police responding to commission emergencies. These policies must be filed with the board of peace officer standards and training by August 1, 1993. Revisions of any of these policies must be filed with the board within ten days of the effective date of the revision. The commission shall train all of its peace officers regarding the application of these policies.

Subd. 4. [CHIEF LAW ENFORCEMENT OFFICER.] The commission shall appoint a peace officer employed full time to be the chief law enforcement officer and to be responsible for the management of the law enforcement agency. The person shall possess the necessary police and management experience and have the title of chief of metropolitan transit commission police services. All other police management and supervisory personnel must be employed full time by the commission. Supervisory personnel must be on duty and available any time transit commission police are on duty. The commission may not hire part-time peace officers as defined in section 626.84, subdivision 1, paragraph (f), except that the commission may appoint peace officers to work on a part-time basis not to exceed 30 full-time equivalents.

Subd. 5. [EMERGENCIES.] (a) The commission shall ensure that all emergency vehicles used by transit commission police are equipped with radios capable of receiving and transmitting on the same frequencies utilized by the law enforcement agencies that have primary jurisdiction.

(b) When the transit commission police receive an emergency call they shall notify the public safety agency with primary jurisdiction and coordinate the appropriate response.

(c) Transit commission police officers shall notify the primary jurisdictions of their response to any emergency.

Subd. 6. [COMPLIANCE.] Except as otherwise provided in this section, the transit commission police shall comply with all statutes and administrative rules relating to the operation and management of a law enforcement agency.

Sec. 12. Minnesota Statutes 1992, section 480.0591, subdivision 6, is amended to read:

Subd. 6. [PRESENT LAWS EFFECTIVE UNTIL MODIFIED; RIGHTS RESERVED.] Present statutes relating to evidence shall be effective until modified or superseded by court rule. If a rule of evidence is promulgated which is in conflict with a statute, the statute shall thereafter be of no force and effect. The supreme court, however, shall not have the power to promulgate rules of evidence which conflict, modify, or supersede the following statutes:

- (a) statutes which relate to the competency of witnesses to testify, found in sections 595.02 to 595.025;
- (b) statutes which establish the prima facie evidence as proof of a fact;

(c) statutes which establish a presumption or a burden of proof;

(d) statutes which relate to the admissibility of statistical probability evidence based on genetic or blood test results, found in sections 634.25 to 634.30;

(e) statutes which relate to the privacy of communications; and

(f) statutes which relate to the admissibility of certain documents.

The legislature may enact, modify, or repeal any statute or modify or repeal any rule of evidence promulgated under this section.

Sec. 13. Minnesota Statutes 1992, 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 person who is licensed as a peace officer in accordance with section 626.84, subdivision 1, and who serves as a sheriff, deputy sheriff, police officer, constable, conservation officer, agent of the bureau of criminal apprehension, agent of the division of gambling enforcement, or University of Minnesota peace officer, or state patrol trooper as authorized by section 299D.03.

Sec. 14. Minnesota Statutes 1992, 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, an agent of the division of gambling enforcement, a state patrol trooper, or a conservation officer, the agent, state patrol trooper, or conservation officer 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. 15. Minnesota Statutes 1992, section 626A.05, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION FOR WARRANT.] The attorney general, ~~or not more than one assistant or special assistant attorney general specifically designated by the attorney general,~~ or a county attorney of any county, ~~or not more than one assistant county attorney specifically designated by the county attorney,~~ may make application as provided in section 626A.06, to a judge of the district court, of the court of appeals, or of the supreme court for a warrant authorizing or approving the interception of wire, electronic, or oral communications by investigative or law enforcement officers having responsibility for the investigation of the offense as to which the application is made. No court commissioner shall issue a warrant under this chapter.

Sec. 16. Minnesota Statutes 1992, section 626A.06, subdivision 4, is amended to read:

Subd. 4. [THE WARRANT.] Each warrant to intercept communications shall be directed to a law enforcement officer, commanding the officer to hold the recording of all intercepted communications conducted under said warrant in custody subject to the further order of the court issuing the warrant. The warrant shall contain the grounds for its issuance with findings, as to the existence of the matters contained in subdivision 1 and shall also specify:

(a) the identity of the person, if known, whose communications are to be intercepted and recorded;

(b) the nature and location of the communications facilities as to which, or the place where, authority to intercept is granted, and in the case of telephone or telegraph communications the general designation of the particular line or lines involved;

(c) a particular description of the type of communication sought to be intercepted, and a statement of the particular offense to which it relates;

(d) the identity of the law enforcement office or agency authorized to intercept the communications, the name of the officer or officers thereof authorized to intercept communications, and of the person authorizing the application;

(e) the period of time during which such interception is authorized, including a statement as to whether or not the interception shall automatically terminate when the described communication has been first obtained;

(f) any other limitations on the interception of communications being authorized, for the protection of the rights of third persons;

(g) a statement that using, divulging, or disclosing any information concerning such application and warrant for intercepting communications is prohibited and that any violation is punishable by the penalties of this chapter.

(h) a statement that the warrant shall be executed as soon as practicable, shall be executed in such a way as to minimize the interception of communications not otherwise subject to interception under this chapter and must terminate upon attainment of the authorized objective, or in any event in ~~ten~~ 30 days. The ~~ten-day~~ 30-day period begins on the earlier of the day on which the investigative or law enforcement officer first begins to conduct an interception under the order or ten days after the order is received. In the event the intercepted communication is in a code or foreign language, and an expert in that foreign language or code is not reasonably available during the interception period, minimization may be accomplished as soon as practicable after such interception.

An order authorizing the interception of a wire, oral, or electronic communication under this chapter must, upon request of the applicant, direct that a provider of wire or electronic communication service, landlord, custodian, or other person shall furnish the applicant immediately all information, facilities, and technical assistance necessary to accomplish the interception unobtrusively and with a minimum of interference with the services that the service provider, landlord, custodian, or person is according the person whose communications are to be intercepted. A provider of wire or electronic communication service, landlord, custodian, or other person furnishing facilities or technical assistance must be compensated by the applicant for reasonable expenses incurred in providing the facilities or assistance.

Denial of an application for a warrant to intercept communications or of an application for renewal of such warrant shall be by written order that shall include a statement as to the offense or offenses designated in the application, the identity of the official applying for the warrant and the name of the law enforcement office or agency.

Sec. 17. Minnesota Statutes 1992, section 626A.06, subdivision 5, is amended to read:

Subd. 5. [DURATION OF WARRANT.] No warrant entered under this section may authorize or approve the interception of any wire, electronic, or oral communication for any period longer than is necessary to achieve the objective of the authorization, nor in any event longer than ~~ten~~ 30 days.

The effective period of any warrant for intercepting communications shall terminate immediately when any person named in the warrant has been charged with an offense specified in the warrant.

Sec. 18. Minnesota Statutes 1992, section 626A.06, subdivision 6, is amended to read:

Subd. 6. [EXTENSIONS.] Any judge of the district court, of the court of appeals, or of the supreme court may grant extensions of a warrant, but only upon application for an extension made in accordance with subdivision 1 and the court making the findings required by subdivision 3. The period of extension shall be no longer than the authorizing judge deems necessary to achieve the purposes for which it was granted and in no event for longer than ~~ten~~ 30 days. In addition to satisfying the requirements of subdivision 1, an application for a ~~renewal~~ an extension of any warrant for intercepting communications shall also:

(a) contain a statement that all interception of communications under prior warrants has been in compliance with this chapter;

(b) contain a statement setting forth the results thus far obtained from the interception or a reasonable explanation of the failure to obtain results;

(c) state the continued existence of the matters contained in subdivision 1; and

(d) specify the facts and circumstances of the interception of communications under prior warrants which are relied upon by the applicant to show that such continued interception of communications is necessary and in the public interest.

~~Any application to intercept communications of a person previously the subject of such a warrant for any offense designated in a prior warrant shall constitute a renewal of such warrant.~~

Sec. 19. Minnesota Statutes 1992, section 626A.10, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF ORDER.] Within a reasonable time but not later than 90 days after the termination of the period of a warrant or extensions thereof, the issuing or denying judge shall cause to be served, on the persons named in the warrant and the application, and such other parties to intercepted communications as the judge may determine that is in the interest of justice, an inventory which shall include notice of:

- (1) the fact of the issuance of the warrant or the application;
- (2) the date of the issuance and the period of authorized, approved or disapproved interception, or the denial of the application; and
- (3) the fact that during the period wire, electronic, or oral communications were or were not intercepted.

On an ex parte showing to a court of competent jurisdiction that there is a need to continue the investigation and that the investigation would be harmed by service of the inventory at this time, service of the inventory required by this subdivision may be postponed for an additional 90-day period.

Sec. 20. Minnesota Statutes 1992, section 626A.11, subdivision 1, is amended to read:

Subdivision 1. [ILLEGALLY OBTAINED EVIDENCE INADMISSIBLE.] Evidence obtained by any act of intercepting wire, 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: (1) 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 this chapter; and (2) any evidence obtained by a lawfully executed warrant to intercept wire, oral, or electronic communications issued by a federal court or by a court of competent jurisdiction of another state shall be admissible in any civil or criminal proceeding.

Sec. 21. [INSTRUCTION TO REVISOR.]

The revisor shall substitute the reference "473.407" for the reference "629.40, subdivision 5" in Minnesota Statutes, section 352.01, subdivision 2b, clause (34).

Sec. 22. [REPEALER.]

Minnesota Statutes 1992, section 214.10, subdivisions 4, 5, 6, and 7, are repealed.

Minnesota Statutes 1992, section 629.40, subdivision 5, is repealed.

Sec. 23. [APPLICATION.]

Sections 473.407 and the repeal of section 629.40, subdivision 5, apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

ARTICLE 8

CORRECTIONS

Section 1. Minnesota Statutes 1992, section 16B.08, subdivision 7, is amended to read:

Subd. 7. [SPECIFIC PURCHASES.] (a) The following may be purchased without regard to the competitive bidding requirements of this chapter:

- (1) merchandise for resale at state park refectories or facility operations;
- (2) farm and garden products, which may be sold at the prevailing market price on the date of the sale;
- (3) meat for other state institutions from the technical college maintained at Pipestone by independent school district No. 583; and

(4) furniture products and services from the Minnesota correctional facilities.

(b) Supplies, materials, equipment, and utility services for use by a community-based residential facility operated by the commissioner of human services may be purchased or rented without regard to the competitive bidding requirements of this chapter.

(c) Supplies, materials, or equipment to be used in the operation of a hospital licensed under sections 144.50 to 144.56 that are purchased under a shared service purchasing arrangement whereby more than one hospital purchases supplies, materials, or equipment with one or more other hospitals, either through one of the hospitals or through another entity, may be purchased without regard to the competitive bidding requirements of this chapter if the following conditions are met:

(1) the hospital's governing authority authorizes the arrangement;

(2) the shared services purchasing program purchases items available from more than one source on the basis of competitive bids or competitive quotations of prices; and

(3) the arrangement authorizes the hospital's governing authority or its representatives to review the purchasing procedures to determine compliance with these requirements.

Sec. 2. Minnesota Statutes 1992, section 147.09, is amended to read:

147.09 [EXEMPTIONS.]

Section 147.081 does not apply to, control, prevent or restrict the practice, service, or activities of:

(1) A person who is a commissioned medical officer of, a member of, or employed by, the armed forces of the United States, the United States Public Health Service, the Veterans Administration, any federal institution or any federal agency while engaged in the performance of official duties within this state, if the person is licensed elsewhere.

(2) A licensed physician from a state or country who is in actual consultation here.

(3) A licensed or registered physician who treats the physician's home state patients or other participating patients while the physicians and those patients are participating together in outdoor recreation in this state as defined by section 86A.03, subdivision 3. A physician shall first register with the board on a form developed by the board for that purpose. The board shall not be required to promulgate the contents of that form by rule. No fee shall be charged for this registration.

(4) A student practicing under the direct supervision of a preceptor while the student is enrolled in and regularly attending a recognized medical school.

(5) A student who is in continuing training and performing the duties of an intern or resident or engaged in postgraduate work considered by the board to be the equivalent of an internship or residency in any hospital or institution approved for training by the board.

(6) A person employed in a scientific, sanitary, or teaching capacity by the state university, the state department of education, or by any public or private school, college, or other bona fide educational institution, or the state department of health, whose duties are entirely of a public health or educational character, while engaged in such duties.

(7) Physician's assistants registered in this state.

(8) A doctor of osteopathy duly licensed by the state board of osteopathy under Minnesota Statutes 1961, sections 148.11 to 148.16, prior to May 1, 1963, who has not been granted a license to practice medicine in accordance with this chapter provided that the doctor confines activities within the scope of the license.

(9) Any person licensed by a health related licensing board, as defined in section 214.01, subdivision 2, or registered by the commissioner of health pursuant to section 214.13, including psychological practitioners with respect to the use of hypnosis; provided that the person confines activities within the scope of the license.

(10) A person who practices ritual circumcision pursuant to the requirements or tenets of any established religion.

(11) A Christian Scientist or other person who endeavors to prevent or cure disease or suffering exclusively by mental or spiritual means or by prayer.

(12) A physician licensed to practice medicine in another state who is in this state for the sole purpose of providing medical services at a competitive athletic event. The physician may practice medicine only on participants in the athletic event. A physician shall first register with the board on a form developed by the board for that purpose. The board shall not be required to adopt the contents of the form by rule. The physician shall provide evidence satisfactory to the board of a current unrestricted license in another state. The board shall charge a fee of \$50 for the registration.

(13) A psychologist licensed under section 148.91 or a social worker licensed under section 148B.21 who uses or supervises the use of a penile or vaginal plethysmograph in assessing and treating individuals suspected of engaging in aberrant sexual behavior and sex offenders.

Sec. 3. Minnesota Statutes 1992, section 241.09, is amended to read:

241.09 [UNCLAIMED MONEY OR PERSONAL PROPERTY OF INMATES OF CORRECTIONAL FACILITIES.]

Subdivision 1. [MONEY.] When the chief executive officer of any state correctional facility under the jurisdiction of the commissioner of corrections obtains money belonging to inmates of the facility who have died, been released or escaped, and the chief executive officer knows no claimant or person entitled to it, the chief executive officer shall, if the money is unclaimed within ~~two years~~ six months, deposit it in the inmate social welfare fund for the benefit of the inmates of the facility. No money shall be so deposited until it has remained unclaimed for at least ~~two years~~ six months. If, at any time after the expiration of the ~~two years~~ six months, the inmate or the legal heirs appear and make proper proof of identity or heirship, the inmate or heirs are entitled to receive from the state treasurer any money belonging to the inmate and deposited in the inmate social welfare fund pursuant to this subdivision.

Subd. 2. [UNCLAIMED PERSONAL PROPERTY.] When any inmate of a state correctional facility under the jurisdiction of the commissioner of corrections has died, been released or escaped therefrom leaving in the custody of the chief executive officer thereof personal property, other than money, which remains unclaimed for a period of ~~two years~~ 90 days, and the chief executive officer knows no person entitled to it, the chief executive officer or the chief executive officer's agent may sell or otherwise dispose of the property in the manner provided by law for the sale or disposition of state property. The proceeds of any sale, after deduction of the costs shall be deposited in the inmate social welfare fund for expenditure as provided in subdivision 1. Any inmate whose property has been sold under this subdivision, or heirs of the inmate, may file with, and make proof of ownership to, the chief executive officer of the institution who caused the sale of the property within two years after the sale, and, upon satisfactory proof to the chief executive officer, the chief executive officer shall certify to the state treasurer the amount received by the sale of such property for payment to the inmate or heirs. No suit shall be brought for damages consequent to the disposal of personal property or use of money in accordance with this section against the state or any official, employee, or agent thereof.

Sec. 4. Minnesota Statutes 1992, section 241.26, subdivision 5, is amended to read:

Subd. 5. [EARNINGS; WORK RELEASE ACCOUNT.] The net earnings of each inmate participating in the work release program provided by this section may be collected by or forwarded to the commissioner of corrections for deposit to the account of the inmate in the work release account in the state treasury, or the inmate may be permitted to collect, retain, and expend the net earnings from the inmate's employment under rules established by the commissioner of corrections. The money collected by or forwarded to the commissioner under the rules shall remain under the control of the commissioner for the sole benefit of the inmate. After making deductions for the payment of state and local taxes, if necessary, and for repayment of advances and gate money as provided in section 243.24, wages under the control of the commissioner and wages retained by the inmate may be disbursed by the commissioner or expended by the inmate for the following purposes and in the following order:

(1) The cost of the inmate's keep as determined by subdivision 7, which money shall be deposited in the general fund of the state treasury if the inmate is housed in a state correctional facility, or shall be paid directly to the place of confinement as designated by the commissioner pursuant to subdivision 1;

(2) Necessary travel expense to and from work and other incidental expenses of the inmate;

- (3) Support of inmate's dependents, if any;
- (4) Court-ordered restitution, if any;
- (5) Fines, surcharges, or other fees assessed or ordered by the court;
- (6) Contribution to any programs established by law to aid victims of crime, provided that the contribution must not be more than 20 percent of the inmate's gross wages;
- (6) ~~(7)~~ Restitution to the commissioner of corrections ordered by a prison disciplinary hearing officer for damage to property caused by an inmate's conduct;
- (7) ~~(8)~~ After the above expenditures, the inmate shall have discretion to direct payment of the balance, if any, upon proper proof of personal legal debts;
- (8) ~~(9)~~ The balance, if any, shall be disbursed to the inmate as provided in section 243.24, subdivision 1.

The commissioner may authorize the payment of court-ordered restitution from an inmate's wages when the restitution was court ordered as a sanction for the conviction of an offense which is not the offense of commitment, including offenses which occurred prior to the offense for which the inmate was committed to the commissioner. All money in the work release account are appropriated annually to the commissioner of corrections for the purposes of the work release program.

Sec. 5. Minnesota Statutes 1992, section 241.67, subdivision 1, is amended to read:

Subdivision 1. [SEX OFFENDER TREATMENT.] A sex offender treatment system is established under the administration of the commissioner of corrections to provide and finance a range of sex offender treatment programs for eligible adults and juveniles. Offenders who are eligible to receive treatment, within the limits of available funding, are:

- (1) adults and juveniles committed to the custody of the commissioner;
- (2) adult offenders for whom treatment is required by the court as a condition of probation; and
- (3) juvenile offenders who have been found delinquent or received a stay of adjudication, for whom the juvenile court has ordered treatment; ~~and~~
- (4) ~~adults and juveniles who are eligible for community based treatment under the sex offender treatment fund established in section 241.671.~~

Sec. 6. Minnesota Statutes 1992, section 241.67, subdivision 2, is amended to read:

Subd. 2. [TREATMENT PROGRAM STANDARDS.] (a) The commissioner shall adopt rules under chapter 14 for the certification of adult and juvenile sex offender treatment programs in state and local correctional facilities and state-operated adult and juvenile sex offender treatment programs not operated in state or local correctional facilities. The rules shall require that sex offender treatment programs be at least four months in duration. A correctional facility may not operate a sex offender treatment program unless the program has met the standards adopted by and been certified by the commissioner of corrections. As used in this subdivision, "correctional facility" has the meaning given it in section 241.021, subdivision 1, clause (5).

(b) ~~By July 1, 1994, the commissioner shall adopt rules under chapter 14 for the certification of community based adult and juvenile sex offender treatment programs not operated in state or local correctional facilities.~~

(e) In addition to other certification requirements established under ~~paragraphs paragraph (a) and (b),~~ rules adopted by the commissioner must require all certified programs certified under this subdivision to participate in ~~an the sex offender program ongoing outcome-based evaluation and quality management system project~~ established by the commissioner under section 3.

Sec. 7. Minnesota Statutes 1992, section 241.67, is amended by adding a subdivision to read:

Subd. 8. [COMMUNITY-BASED SEX OFFENDER PROGRAM EVALUATION PROJECT.] (a) For the purposes of this project, a sex offender is an adult who has been convicted, or a juvenile who has been adjudicated, for a sex offense or a sex-related offense and has been sentenced to sex offender treatment as a condition of probation.

(b) The commissioner shall develop a long-term project to accomplish the following:

(1) provide follow-up information on each sex offender for a period of three years following the offender's completion of or termination from treatment;

(2) provide treatment programs in several geographical areas in the state;

(3) provide the necessary data to form the basis to recommend a fiscally sound plan to provide a coordinated statewide system of effective sex offender treatment programming; and

(4) provide an opportunity to local and regional governments, agencies, and programs to establish models of sex offender programs that are suited to the needs of that region.

(c) The commissioner shall provide the legislature with an annual report of the data collected and the status of the project by October 15 of each year, beginning in 1993.

(d) The commissioner shall establish an advisory task force consisting of county probation officers from community corrections act counties and other counties, court services providers, and other interested officials. The commissioner shall consult with the task force concerning the establishment and operation of the project.

Sec. 8. Minnesota Statutes 1992, section 243.23, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] Notwithstanding sections 241.26, subdivision 5, and 243.24, subdivision 1, the commissioner may promulgate rules for the disbursement of funds earned under subdivision 1, or other funds in an inmate account, and section 243.88, subdivision 2. The commissioner shall first make deductions for the following expenses: federal and state taxes; repayment of advances; gate money as provided in section 243.24; and, where applicable, mandatory savings as provided by United States Code, title 18, section 1761, as amended. The commissioner's rules may then provide for disbursements to be made in the following order of priority:

(1) for the support of families and dependent relatives of the respective inmates;

(2) for the payment of court-ordered restitution;

(3) for payment of fines, surcharges, or other fees assessment or ordered by a court;

(4) for contribution to any programs established by law to aid victims of crime provided that the contribution shall not be more than 20 percent of an inmate's gross wages;

(5) for the payment of restitution to the commissioner ordered by prison disciplinary hearing officers for damage to property caused by an inmate's conduct; and

(6) for the discharge of any legal obligations arising out of litigation under this subdivision.

The commissioner may authorize the payment of court-ordered restitution from an inmate's wages when the restitution was court ordered as a sanction for the conviction of an offense which is not the offense of commitment, including offenses which occurred prior to the offense for which the inmate was committed to the commissioner. An inmate of an adult correctional facility under the control of the commissioner is subject to actions for the enforcement of support obligations and reimbursement of any public assistance rendered the dependent family and relatives. The commissioner may conditionally release an inmate who is a party to an action under this subdivision and provide for the inmate's detention in a local detention facility convenient to the place of the hearing when the inmate is not engaged in preparation and defense.

Sec. 9. Minnesota Statutes 1992, section 244.05, is amended by adding a subdivision to read:

Subd. 8. [CONDITIONAL MEDICAL RELEASE.] The commissioner may order that an offender be placed on conditional medical release before the offender's scheduled supervised release date or target release date if the offender suffers from a grave illness or medical condition and the release poses no threat to the public. In making the decision to release an offender on this status, the commissioner must consider the offender's age and medical condition, the health care needs of the offender, the offender's custody classification and level of risk of violence, the appropriate level of community supervision, and alternative placements that may be available for the offender. An inmate may not be released under this provision unless the commissioner has determined that the inmate's health costs are likely to be borne by medical assistance, Medicaid, general assistance medical care, veteran's benefits, or by any other federal or state medical assistance programs or by the inmate. Conditional medical release is governed by provisions relating to supervised release except that it may be rescinded without hearing by the commissioner if the offender's medical condition improves to the extent that the continuation of the conditional medical release presents a more serious risk to the public.

Sec. 10. Minnesota Statutes 1992, section 244.17, subdivision 3, is amended to read:

Subd. 3. [OFFENDERS NOT ELIGIBLE.] The following offenders are not eligible to be placed in the challenge incarceration program:

(1) offenders who are committed to the commissioner's custody following a conviction for murder, manslaughter, criminal sexual conduct, assault, kidnapping, robbery, arson, or any other offense involving death or intentional personal injury; and

(2) offenders who ~~previously~~ were convicted within the preceding ten years of an offense described in clause (1) and were committed to the custody of the commissioner.

Sec. 11. Minnesota Statutes 1992, section 244.172, subdivision 1, is amended to read:

Subdivision 1. [PHASE I.] Phase I of the program lasts at least six months. The offender must be confined in a state correctional facility designated by the commissioner and must successfully participate in all intensive treatment, education and work programs required by the commissioner. The offender must also submit on demand to random drug and alcohol testing at time intervals set by the commissioner. ~~For the first three months of phase I, the offender may not receive visitors or telephone calls, except under emergency circumstances.~~ Throughout phase I, the commissioner must severely restrict the offender's telephone and visitor privileges.

Sec. 12. Minnesota Statutes 1992, section 244.172, subdivision 2, is amended to read:

Subd. 2. [PHASE II.] Phase II of the program lasts at least six months. The offender shall serve this phase of the offender's sentence in an intensive supervision and surveillance program established by the commissioner. The commissioner may impose such requirements on the offender as are necessary to carry out the goals of the program. Throughout phase II, the offender must be required to submit to daily drug and alcohol tests ~~for the first three months, biweekly tests for the next two months, and weekly tests for the remainder of phase II randomly or for cause,~~ on demand of the supervising agent. The commissioner shall also require the offender to report daily to a day-reporting facility designated by the commissioner. In addition, if the commissioner required the offender to undergo acupuncture during phase I, the offender must ~~continue~~ submit to acupuncture treatment throughout phase II, on demand of the supervising agent.

Sec. 13. Minnesota Statutes 1992, 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 the child's 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 245A.01 to 245A.16; or
 - (4) 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) 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 person or 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 found by the court to have committed or attempted to commit an act in violation of section 609.342; 609.343; 609.344; 609.345; 609.3451; 609.746, subdivision 1; 609.79; or 617.23, or another offense arising out of a delinquency petition based on one or more of those sections, the court shall order an independent professional assessment of the child's need for sex offender treatment. An assessor providing an 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 must be experienced in the evaluation and treatment of juvenile sex offenders. If the assessment 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. Notwithstanding section 13.42, 13.85, 144.335, 260.161, or 626.556, the assessor has access to the following private or confidential data on the child if access is relevant and necessary for the assessment:

- (1) medical data under section 13.42;
- (2) corrections and detention data under section 13.85;
- (3) health records under section 144.335;
- (4) juvenile court records under section 260.161; and
- (5) local welfare agency records under section 626.556.

Data disclosed under this paragraph may be used only for purposes of the assessment and may not be further disclosed to any other person, except as authorized by law.

If the child is found delinquent due to the commission of an offense that would be a felony if committed by an adult, the court shall make a specific finding on the record regarding the juvenile's mental health and chemical dependency treatment needs.

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.

Sec. 14. Minnesota Statutes 1992, section 541.15, is amended to read:

541.15 [PERIODS OF DISABILITY NOT COUNTED.]

(a) Except as provided in paragraph (b), any of the following grounds of disability, existing at the time when a cause of action accrued or arising anytime during the period of limitation, shall suspend the running of the period of limitation until the same is removed; provided that such period, except in the case of infancy, shall not be extended for more than five years, nor in any case for more than one year after the disability ceases:

- (1) That the plaintiff is within the age of 18 years;
- (2) The plaintiff's insanity;
- (3) ~~The plaintiff's imprisonment on a criminal charge, or under a sentence of a criminal court for a term less than the plaintiff's natural life;~~
- (4) Is an alien and the subject or citizen of a country at war with the United States;
- (5) (4) When the beginning of the action is stayed by injunction or by statutory prohibition.

If two or more disabilities shall coexist, the suspension shall continue until all are removed.

(b) In actions alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider, the ground of disability specified in paragraph (a), clause (1), suspends the period of limitation until the disability is removed. The suspension may not be extended for more than seven years, or for more than one year after the disability ceases.

For purposes of this paragraph, health care provider means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.

Sec. 15. Minnesota Statutes 1992, section 631.41, is amended to read:

631.41 [REQUIRING THE COURT ADMINISTRATOR TO DELIVER TRANSCRIPT OF MINUTES OF SENTENCE TO SHERIFF.]

When a person convicted of an offense is sentenced to pay a fine or costs, or to be imprisoned in the county jail, or committed to the ~~Minnesota correctional facility Stillwater~~ commissioner of corrections, the court administrator shall, as soon as possible, make out and deliver to the sheriff or a deputy a transcript from the minutes of the court of the conviction and sentence. A duly certified transcript is sufficient authority for the sheriff to execute the sentence. Upon receiving the transcript, the sheriff shall execute the sentence.

Sec. 16. [TRANSFER.]

Positions classified as sentencing to service crew leader and one sentencing to service supervisor in the department of natural resources are transferred to the Minnesota department of corrections under Minnesota Statutes, section 15.039. Nothing in this section is intended to abrogate or modify any rights now enjoyed by affected employees under terms of an agreement between an exclusive bargaining representative and the state or one of its appointing authorities.

Sec. 17. [REPEALER.]

Minnesota Statutes 1992, sections 241.25; 241.67, subdivision 5; and 241.671, are repealed.

ARTICLE 9

NEW FELONY SENTENCING LAW

Section 1. Minnesota Statutes 1992, section 243.18, subdivision 2, is amended to read:

Subd. 2. [WORK REQUIRED; GOOD TIME.] This subdivision applies only to inmates whose crimes were committed before August 1, 1993. An inmate for whom a work assignment is available may not earn good time under subdivision 1 for any day on which the inmate does not perform the work assignment. The commissioner may excuse an inmate from work only for illness, physical disability, or to participate in an education or treatment program.

Sec. 2. Minnesota Statutes 1992, section 243.18, is amended by adding a subdivision to read:

Subd. 2a. [WORK REQUIRED; DISCIPLINARY CONFINEMENT.] This subdivision applies only to inmates whose crimes were committed on or after August 1, 1993. The commissioner shall impose a disciplinary confinement period of two days for each day on which a person for whom a work assignment is available does not perform the work assignment. The commissioner may excuse an inmate from work only for illness, physical disability, or to participate in an education or treatment program.

Sec. 3. Minnesota Statutes 1992, section 244.01, subdivision 8, is amended to read:

Subd. 8. "Term of imprisonment," as applied to inmates whose crimes were committed before August 1, 1993, is the period of time ~~to~~ for which an inmate is committed to the custody of the commissioner of corrections minus earned good time. "Term of imprisonment," as applied to inmates whose crimes were committed on or after August 1, 1993, is the period of time ~~which an inmate is ordered to serve in prison by the sentencing court, plus any disciplinary confinement period imposed by the commissioner under section 244.05, subdivision 1b equal to two-thirds of the inmate's executed sentence.~~

Sec. 4. Minnesota Statutes 1992, section 244.01, is amended by adding a subdivision to read:

Subd. 9. [EXECUTED SENTENCE.] "Executed sentence" means the total period of time for which an inmate is committed to the custody of the commissioner of corrections.

Sec. 5. Minnesota Statutes 1992, section 244.05, subdivision 1b, is amended to read:

Subd. 1b. [SUPERVISED RELEASE; OFFENDERS WHO COMMIT CRIMES ON OR AFTER AUGUST 1, 1993.] (a) Except as provided in subdivisions 4 and 5, every inmate sentenced to prison for a felony offense committed on or after August 1, 1993, shall serve a supervised release term upon completion of the ~~inmate's~~ inmate's term of imprisonment ~~pronounced by the sentencing court under section 244.101 and any disciplinary confinement period imposed by the commissioner due to the inmate's violation of any disciplinary offense rule adopted by the commissioner under paragraph (b). The amount of time the inmate serves on supervised release term shall be equal in length to the amount of time remaining in the inmate's imposed executed sentence after the inmate has served the pronounced term of imprisonment and any disciplinary confinement period imposed by the commissioner.~~

(b) By August 1, 1993, the commissioner shall modify the commissioner's existing disciplinary rules to specify disciplinary offenses which may result in imposition of a disciplinary confinement period and the length of the disciplinary confinement period for each disciplinary offense. These disciplinary offense rules may cover violation of institution rules, refusal to work, refusal to participate in treatment or other rehabilitative programs, and other matters determined by the commissioner. No inmate who violates a disciplinary rule shall be placed on supervised release until the inmate has served the disciplinary confinement period or until the inmate is discharged or released from punitive segregation confinement, whichever is later. The imposition of a disciplinary confinement period shall be considered to be a disciplinary sanction imposed upon an inmate, and the procedure for imposing the disciplinary confinement period and the rights of the inmate in the procedure shall be those in effect for the imposition of other disciplinary sanctions at each state correctional institution.

Sec. 6. Minnesota Statutes 1992, section 244.101, is amended to read:

244.101 [SENTENCING OF FELONY OFFENDERS WHO COMMIT OFFENSES ON AND AFTER AUGUST 1, 1993.]

Subdivision 1. [SENTENCING AUTHORITY EXECUTED SENTENCES.] When a felony offender is sentenced to a fixed executed ~~prison~~ prison sentence for an offense committed on or after August 1, 1993, the ~~executed sentence pronounced by the court shall consist~~ consists of two parts: (1) a specified minimum term of imprisonment that is

equal to two-thirds of the executed sentence; and (2) a specified maximum supervised release term that is one-half of the minimum term of imprisonment equal to one-third of the executed sentence. The lengths of the term of imprisonment and the supervised release term actually served by an inmate are amount of time the inmate actually serves in prison and on supervised release is subject to the provisions of section 244.05, subdivision 1b.

Subd. 2. [EXPLANATION OF SENTENCE.] When a court pronounces an executed sentence under this section, it shall specify explain: (1) the total length of the executed sentence; (2) the amount of time the defendant will serve in prison; and (3) the amount of time the defendant will serve on supervised release, assuming the defendant commits no disciplinary offense in prison that may result results in the imposition of a disciplinary confinement period. The court shall also explain that the defendant's term of imprisonment amount of time the defendant actually serves in prison may be extended by the commissioner if the defendant commits any disciplinary offenses in prison and that this extension could result in the defendant's serving the entire pronounced executed sentence in prison. The court's explanation shall be included in the sentencing order a written summary of the sentence.

Subd. 3. [NO RIGHT TO SUPERVISED RELEASE.] Notwithstanding the court's specification explanation of the potential length of a defendant's supervised release term in the sentencing order, the court's order explanation creates no right of a defendant to any specific, minimum length of a supervised release term.

Subd. 4. [APPLICATION OF STATUTORY MANDATORY MINIMUM SENTENCES.] If the defendant is convicted of any offense for which a statute imposes a mandatory minimum sentence or term of imprisonment, the statutory mandatory minimum sentence or term governs the length of the entire executed sentence pronounced by the court under this section.

Sec. 7. Minnesota Statutes 1992, section 244.14, subdivision 2, is amended to read:

Subd. 2. [GOOD TIME NOT AVAILABLE.] An offender serving a sentence on intensive community supervision for a crime committed before August 1, 1993, does not earn good time, notwithstanding section 244.04.

Sec. 8. Minnesota Statutes 1992, section 244.171, subdivision 3, is amended to read:

Subd. 3. [GOOD TIME NOT AVAILABLE.] An offender in the challenge incarceration program whose crime was committed before August 1, 1993, does not earn good time during phases I and II of the program, notwithstanding section 244.04.

Sec. 9. Minnesota Statutes 1992, section 609.346, subdivision 5, is amended to read:

Subd. 5. [SUPERVISED CONDITIONAL RELEASE OF SEX OFFENDERS.] (a) Notwithstanding the statutory maximum sentence otherwise applicable to the offense or any provision of the sentencing guidelines, any person who is sentenced when a court sentences a person to prison for a violation of section 609.342, 609.343, 609.344, or 609.345 must be sentenced to serve a supervised release term as provided in this subdivision. The court shall sentence a person convicted for a violation of section 609.342, 609.343, 609.344, or 609.345 to serve a supervised release term of not less than five years, the court shall sentence a provide that after the person has completed the sentence imposed, the commissioner of corrections shall place the person on conditional release. If the person was convicted for a violation of section 609.342, 609.343, 609.344, or 609.345, the person shall be placed on conditional release for five years, minus the time the person served on supervised release. If the person was convicted for a violation of one of those sections a second or subsequent time, or sentenced under subdivision 4 to a mandatory departure, to serve a supervised release term of not less than the person shall be placed on conditional release for ten years, minus the time the person served on supervised release.

(b) The commissioner of corrections shall set the level of supervision for offenders subject to this section based on the public risk presented by the offender. The conditions of release may include successful completion of treatment and aftercare in a program approved by the commissioner, satisfaction of the release conditions specified in section 244.05, subdivision 6, and any other conditions the commissioner considers appropriate. If the offender fails to meet any condition of release, the commissioner may revoke the offender's conditional release and order that the offender serve the remaining portion of the conditional release term in prison. The commissioner shall not dismiss the offender from supervision before the conditional release term expires.

Conditional release under this subdivision is governed by provisions relating to supervised release, except as otherwise provided in this subdivision, section 244.04, subdivision 1, or 244.05.

(c) The commissioner shall pay the cost of treatment of a person released under this subdivision. This section does not require the commissioner to accept or retain an offender in a treatment program.

ARTICLE 10

PROBATION

Section 1. Minnesota Statutes 1992, section 243.166, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REQUIRED.] A person shall ~~comply with~~ register under this section ~~after being released from prison~~ if:

~~(1) the person was sentenced to imprisonment following a conviction for kidnapping under section 609.25, criminal sexual conduct under section 609.342, 609.343, 609.344, or 609.345, solicitation of children to engage in sexual conduct under section 609.352, use of minors in a sexual performance under section 617.246, or solicitation of children to practice prostitution under section 609.322, and the offense was committed against a victim who was a minor;~~

~~(2) the person is not now required to register under section 243.165; and~~

~~(3) ten years have not yet elapsed since the person was released from imprisonment charged with a felony violation of or attempt to violate any of the following, and convicted of that offense or of another offense arising out of the same set of circumstances:~~

~~(i) murder under section 609.185, clause (2);~~

~~(ii) kidnapping under section 609.25, involving a minor victim; or~~

~~(iii) criminal sexual conduct under section 609.342, subdivision 1, paragraph (a), (b), (c), (d), (e), or (f); 609.343, subdivision 1, paragraph (a), (b), (c), (d), (e), or (f); 609.344, subdivision 1, paragraph (c), or (d); or 609.345, subdivision 1, paragraph (c), or (d); or~~

~~(2) the person was convicted of a predatory crime as defined in section 609.1352, and the offender was sentenced as a patterned sex offender or the court found on its own motion or that of the prosecutor that the crime was part of a predatory pattern of behavior that had criminal sexual conduct as its goal.~~

Sec. 2. Minnesota Statutes 1992, section 243.166, subdivision 2, is amended to read:

Subd. 2. [NOTICE.] When a person who is required to register under this section is ~~released~~ sentenced, the ~~commissioner of corrections~~ court shall tell the person of the duty to register under section 243.165 and this section. The ~~commissioner~~ court shall require the person to read and sign a form stating that the duty of the person to register under this section has been explained. ~~The commissioner shall obtain the address where the person expects to reside upon release and shall report within three days the address to the bureau of criminal apprehension. The commissioner shall give one copy of the form to the person, and shall send one copy to the bureau of criminal apprehension and one copy to the appropriate law enforcement agency having local jurisdiction where the person expects to reside upon release.~~

Sec. 3. Minnesota Statutes 1992, section 243.166, subdivision 3, is amended to read:

Subd. 3. [REGISTRATION PROCEDURE.] (a) The person shall, ~~within 14 days after the end of the term of supervised release,~~ register with the probation officer corrections agent as soon as the agent is assigned to the person at the end of that term.

(b) If the person changes residence address, the person shall give the new address to the current or last assigned probation officer corrections agent in writing within ten days. An offender is deemed to change addresses when the offender remains at a new address for longer than two weeks and evinces an intent to take up residence there. The probation officer agent shall, within three business days after receipt of this information, forward it to the bureau of criminal apprehension.

Sec. 4. Minnesota Statutes 1992, section 243.166, subdivision 4, is amended to read:

Subd. 4. [CONTENTS OF REGISTRATION.] The registration provided to the ~~probation officer~~ corrections agent must consist of a statement in writing signed by the person, giving information required by the bureau of criminal apprehension, and a fingerprint card and photograph of the person if these have not already been obtained in connection with the offense that triggers registration. Within three days, the ~~probation officer~~ corrections agent shall forward the statement, fingerprint card, and photograph to the bureau of criminal apprehension. The bureau shall send one copy to the appropriate law enforcement authority that will have jurisdiction where the person will reside on release or discharge.

Sec. 5. Minnesota Statutes 1992, section 243.166, subdivision 6, is amended to read:

Subd. 6. [REGISTRATION PERIOD.] (a) Notwithstanding the provisions of section 609.165, subdivision 1, a person required to register under this section shall continue to comply with this section until ten years have elapsed since the person was ~~released from imprisonment~~ initially assigned to a corrections agent in connection with the offense, or until the probation, supervised release, or conditional release period expires, whichever occurs later.

(b) If a person required to register under this section fails to register following a change in address, the commissioner of public safety may require the person to continue to register for an additional period of five years.

Sec. 6. Minnesota Statutes 1992, section 243.166, is amended by adding a subdivision to read:

Subd. 8. [LAW ENFORCEMENT AUTHORITY.] For purposes of this section, a law enforcement authority means, with respect to a home rule charter or statutory city, the chief of police, and with respect to an unincorporated area, the sheriff of the county.

Sec. 7. Minnesota Statutes 1992, section 243.166, is amended by adding a subdivision to read:

Subd. 9. [PRISONERS FROM OTHER STATES.] When the state accepts a prisoner from another state under a reciprocal agreement under the interstate compact authorized by section 243.16, the acceptance is conditional on the offender agreeing to register under this section when the offender is living in Minnesota following a term of imprisonment if any part of that term was served in this state.

Sec. 8. Minnesota Statutes 1992, section 299C.46, is amended by adding a subdivision to read:

Subd. 5. [DIVERSION PROGRAM DATA.] Counties operating diversion programs under section 11 shall supply to the bureau of criminal apprehension the names of and other identifying data specified by the bureau concerning diversion program participants. Notwithstanding section 299C.11, the bureau shall maintain the names and data in the computerized criminal history system for 20 years from the date of the offense. Data maintained under this subdivision are private data.

Sec. 9. Minnesota Statutes 1992, section 299C.54, is amended by adding a subdivision to read:

Subd. 3a. [COLLECTION OF DATA.] Identifying information on missing children entered into the NCIC computer regarding cases that are still active at the time the missing children bulletin is compiled each quarter may be included in the bulletin.

Sec. 10. Minnesota Statutes 1992, section 401.02, subdivision 4, is amended to read:

Subd. 4. [DETAINING PERSON ON CONDITIONAL RELEASE.] (a) Probation officers serving the district and juvenile courts of counties participating in the subsidy program established by this chapter may, without order or warrant, when it appears necessary to prevent escape or enforce discipline, take and detain a probationer, or any person on conditional release and bring that person before the court or the commissioner of corrections or a designee, whichever is appropriate, for disposition. No probationer or other person on conditional release shall be detained more than 72 hours, exclusive of legal holidays, Saturdays and Sundays, pursuant to this subdivision without being provided with the opportunity for a hearing before the court or the commissioner of corrections or a designee. When providing supervision and other correctional services to persons conditionally released pursuant to sections 241.26, 242.19, 243.05, 243.16, 244.05, and 244.065, including intercounty transfer of persons on conditional release, and the conduct of presentence investigations, participating counties shall comply with the policies and procedures relating thereto as prescribed by the commissioner of corrections.

(b) The written order of the chief executive officer or designee of a community corrections agency established under this chapter is sufficient authority for any peace officer or county probation officer to take and place in actual custody any person under sentence or on probation who:

- (1) fails to report to serve a sentence at a local correctional facility, as defined in section 241.021, subdivision 1;
- (2) fails to return from furlough or authorized temporary release from a local correctional facility;
- (3) escapes from a local correctional facility; or
- (4) absconds from court-ordered home detention.

(c) The written order of the chief executive officer or designee of a community corrections agency established under this chapter is sufficient authority for any peace officer or county probation officer to take and place in actual custody any person on a court authorized pretrial release who absconds from pretrial release or fails to abide by the conditions of pretrial release.

Sec. 11. [401.065] [PRETRIAL DIVERSION PROGRAMS.]

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

(1) "offender" means a person who:

(i) is charged with a felony, gross misdemeanor, or misdemeanor crime, other than a crime against the person, but who has not yet entered a plea in the proceedings;

(ii) has not previously been convicted as an adult in Minnesota or any other state of any crime against the person; and

(iii) has not previously been charged with a crime as an adult in Minnesota and then had charges dismissed as part of a diversion program, including a program that existed before July 1, 1994; and

(2) "pretrial diversion" means the decision of a prosecutor to refer an offender to a diversion program on condition that the criminal charges against the offender will be dismissed after a specified period of time if the offender successfully completes the program.

Subd. 2. [ESTABLISHMENT OF PROGRAM.] By July 1, 1994, every county attorney of a county participating in the community corrections act shall establish a pretrial diversion program for adult offenders. If the county attorney's county participates in the community corrections act as part of a group of counties under section 401.02, the county attorney may establish a pretrial diversion program in conjunction with other county attorneys in that group of counties. The program must be designed and operated to further the following goals:

- (1) to provide eligible offenders with an alternative to confinement and a criminal conviction;
- (2) to reduce the costs and caseload burdens on district courts and the criminal justice system;
- (3) to minimize recidivism among diverted offenders;
- (4) to promote the collection of restitution to the victim of the offender's crime; and
- (5) to develop responsible alternatives to the criminal justice system for eligible offenders.

Subd. 3. [PROGRAM COMPONENTS.] A diversion program established under this section may:

(1) provide screening services to the court and the prosecuting authorities to help identify likely candidates for pretrial diversion;

(2) establish goals for diverted offenders and monitor performance of these goals;

(3) perform chemical dependency assessments of diverted offenders where indicated, make appropriate referrals for treatment, and monitor treatment and aftercare;

- (4) provide individual, group, and family counseling services;
- (5) oversee the payment of victim restitution by diverted offenders;
- (6) assist diverted offenders in identifying and contacting appropriate community resources;
- (7) provide educational services to diverted offenders to enable them to earn a high school diploma or GED; and
- (8) provide accurate information on how diverted offenders perform in the program to the court, prosecutors, defense attorneys, and probation officers.

Subd. 4. [REPORTS.] By January 1, 1995, and biennially thereafter, each county attorney shall report to the department of corrections and the legislature on the operation of a pretrial diversion program required by this section. The report shall include a description of the program, the number of offenders participating in the program, the number and characteristics of the offenders who successfully complete the program, the number and characteristics of the offenders who fail to complete the program, and an evaluation of the program's effect on the operation of the criminal justice system in the county.

Sec. 12. Minnesota Statutes 1992, section 609.135, subdivision 1a, is amended to read:

Subd. 1a. [FAILURE TO PAY RESTITUTION OR FINE.] If the court orders payment of restitution or a fine as a condition of probation and if the defendant fails to pay the restitution or a fine in accordance with the payment schedule or structure established by the court or the probation officer, the prosecutor or the defendant's probation officer may, on the prosecutor's or the officer's own motion or at the request of the victim, ask the court to hold a hearing to determine whether or not the conditions of probation should be changed or probation should be revoked. The defendant's probation officer shall ask for the hearing if the restitution or fine ordered has not been paid prior to 60 days before the term of probation expires. The court shall schedule and hold this hearing and take appropriate action, including action under subdivision 2, paragraph (f) ~~(g)~~, before the defendant's term of probation expires.

Sec. 13. Minnesota Statutes 1992, section 609.135, subdivision 2, is amended to read:

Subd. 2. (a) If the conviction is for a felony the stay shall be for not more than three years or the maximum period for which the sentence of imprisonment might have been imposed, whichever is longer.

(b) If the conviction is for a gross misdemeanor violation of section 169.121 or 169.129, the stay shall be for not more than three years. The court shall provide for unsupervised probation for the last one year of the stay unless the court finds that the defendant needs supervised probation for all or part of the last one year.

(c) If the conviction is for a gross misdemeanor not specified in paragraph (b), the stay shall be for not more than two years.

(d) If the conviction is for any misdemeanor under section 169.121; 609.746, subdivision 1; 609.79; or 617.23; or for a misdemeanor under section 609.224, subdivision 1, in which the victim of the crime was a family or household member as defined in section 518B.01, the stay shall be for not more than two years. The court shall provide for unsupervised probation for the second year of the stay unless the court finds that the defendant needs supervised probation for all or part of the second year.

(e) If the conviction is for a misdemeanor not specified in paragraph (d), the stay shall be for not more than one year.

(f) The defendant shall be discharged when six months after the term of the stay expires, unless the stay has been revoked or extended under paragraph (g), or the defendant has already been discharged.

(g) Notwithstanding the maximum periods specified for stays of sentences under paragraphs (a) to (f), a court may extend a defendant's term of probation for up to one year if it finds, at a hearing conducted under subdivision 1a, that:

(1) the defendant has not paid court-ordered restitution or a fine in accordance with the payment schedule or structure; and

(2) the defendant is likely to not pay the restitution or fine the defendant owes before the term of probation expires.

This one-year extension of probation for failure to pay restitution or a fine may be extended by the court for up to one additional year if the court finds, at another hearing conducted under subdivision 1a, that the defendant still has not paid the court-ordered restitution or fine that the defendant owes.

Sec. 14. Minnesota Statutes 1992, section 609.14, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS.] (a) When it appears that the defendant has violated any of the conditions of probation or intermediate sanction, or has otherwise been guilty of misconduct which warrants the imposing or execution of sentence, the court may without notice revoke the stay ~~thereof and probation~~ and direct that the defendant be taken into immediate custody.

(b) When it appears that the defendant violated any of the conditions of probation during the term of the stay, but the term of the stay has since expired, the defendant's probation officer or the prosecutor may ask the court to initiate probation revocation proceedings under the rules of criminal procedure at any time within six months after the expiration of the stay. The court also may initiate proceedings under these circumstances on its own motion. If proceedings are initiated within this six-month period, the court may conduct a revocation hearing and take any action authorized under rule 27.04 at any time during or after the six-month period.

Sec. 15. Minnesota Statutes 1992, section 609.3461, is amended to read:

609.3461 [DNA ANALYSIS OF SEX OFFENDERS REQUIRED.]

Subdivision 1. [UPON SENTENCING.] When a The court shall order an offender to provide a biological specimen for the purpose of DNA analysis as defined in section 299C.155 when:

(1) the court sentences a person convicted of charged with violating or attempting to violate section 609.342, 609.343, 609.344, or 609.345, or when a who is convicted of violating one of those sections or of any offense arising out of the same set of circumstances;

(2) the court sentences a person as a patterned sex offender under section 609.1352; or

(3) the juvenile court adjudicates a person a delinquent child who is the subject of a delinquency petition for 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 299C.155 and the delinquency adjudication is based on a violation of one of those sections or of any offense arising out of the same set of circumstances. The biological specimen or the results of the analysis shall be maintained by the bureau of criminal apprehension as provided in section 299C.155.

Subd. 2. [BEFORE RELEASE.] If a person convicted of violating or attempting to violate section 609.342, 609.343, 609.344, or 609.345, or initially charged with violating one of those sections and convicted of another offense arising out of the same set of circumstances, or sentenced as a patterned sex offender under section 609.1352, and committed to the custody of the commissioner of corrections for a term of imprisonment, or serving a term of imprisonment in this state under a reciprocal agreement although convicted in another state of an offense described in this subdivision or a similar law of the United States or any other state, has not provided a biological specimen for the purpose of DNA analysis, the commissioner of corrections or local corrections authority shall order the person to provide a biological specimen for the purpose of DNA analysis before completion of the person's term of imprisonment. The commissioner of corrections or local corrections authority shall forward the sample to the bureau of criminal apprehension.

Subd. 3. [OFFENDERS FROM OTHER STATES.] When the state accepts an offender from another state under the interstate compact authorized by section 243.16, the acceptance is conditional on the offender providing a biological specimen for the purposes of DNA analysis as defined in section 299C.155, if the offender was convicted of an offense described in subdivision 1 or a similar law of the United States or any other state. The specimen must be provided under supervision of staff from the department of corrections or a community corrections act county within 15 business days after the offender reports to the supervising agent. The cost of obtaining the biological specimen is the responsibility of the agency providing supervision.

Sec. 16. [PROBATION TASK FORCE.]

Subdivision 1. [CONTINUATION OF TASK FORCE.] The probation standards task force appointed under Laws 1992, chapter 571, article 11, section 15, shall file the report required by this section.

Subd. 2. [STAFF.] The commissioner of corrections shall make available staff as appropriate to support the work of the task force.

Subd. 3. [REPORT.] The task force shall report to the legislature by October 1, 1994, concerning:

(1) the number of additional probation officers needed;

(2) the funding required to provide the necessary additional probation officers;

(3) a recommended method of funding these new positions, including a recommendation concerning the relative county and state obligations;

(4) recommendations as to appropriate standardized case definitions and reporting procedures to facilitate uniform reporting of the number and type of cases and offenders;

(5) legislative changes needed to implement objectively defined case classification systems; and

(6) any other general recommendations to improve the quality and administration of probation services in the state.

Sec. 17. [DIVERSION PROGRAM PLANS.]

Each county required to establish a diversion program under section 11 shall prepare a plan to implement the diversion program and submit the plan to the state court administrator by January 1, 1994. A county may prepare a joint plan with other counties in the same judicial district.

Sec. 18. [REPEALER.]

Minnesota Statutes 1992, section 243.165, is repealed.

Sec. 19. [EFFECTIVE DATE.]

Sections 12, 13, and 14, are effective August 1, 1993, and apply to all defendants placed on probation on or after that date. Section 15, subdivision 1, is effective August 1, 1993, and applies to offenders sentenced or adjudicated on or after that date. Sections 16 and 17 are effective the day following final enactment.

ARTICLE 11

CRIMINAL AND JUVENILE JUSTICE INFORMATION

Section 1. Minnesota Statutes 1992, section 13.87, subdivision 2, is amended to read:

Subd. 2. [CLASSIFICATION.] Criminal history data maintained by agencies, political subdivisions and statewide systems are classified as private, pursuant to section 13.02, subdivision 12, except that data created, collected, or maintained by the bureau of criminal apprehension that identifies an individual who was convicted of a crime and the offense of which the individual was convicted are public data for 15 years following the discharge of the sentence imposed for the offense.

The bureau of criminal apprehension shall provide to the public at the central office of the bureau the ability to inspect in person, at no charge, through a computer monitor the criminal conviction data classified as public under this subdivision.

Sec. 2. Minnesota Statutes 1992, section 168.345, is amended by adding a subdivision to read:

Subd. 3. [REQUESTS FOR INFORMATION; SURCHARGE ON FEE.] The commissioner shall impose a surcharge of 25 cents on each fee charged by the commissioner under section 13.03, subdivision 3, for copies or electronic transmittal of public information concerning motor vehicle registrations. This surcharge only applies to a fee imposed in responding to a request made in person or by mail, or to a request for transmittal through a computer modem. The surcharge does not apply to the request of an individual for information concerning vehicles registered in that

individual's name. The commissioner shall forward the surcharges collected under this subdivision to the commissioner of finance on a monthly basis. Upon receipt, the commissioner of finance shall credit the surcharges to the general fund.

Sec. 3. Minnesota Statutes 1992, section 171.12, is amended by adding a subdivision to read:

Subd. 8. [REQUESTS FOR INFORMATION; SURCHARGE ON FEE.] The commissioner shall impose a surcharge of 25 cents on each fee charged by the commissioner under section 13.03, subdivision 3, for copies or electronic transmittal of public information concerning driver's license and Minnesota identification card applicants. This surcharge only applies to a fee imposed in responding to a request made in person or by mail, or to a request for transmittal through a computer modem. The surcharge does not apply to the request of an individual for information concerning that individual's driver's license or Minnesota identification card. The commissioner shall forward the surcharges collected under this subdivision to the commissioner of finance on a monthly basis. Upon receipt, the commissioner of finance shall credit the surcharges to the general fund.

Sec. 4. [AMOUNT OF INCREASE; REVISOR INSTRUCTION.]

(a) The surcharges imposed by sections 2 and 3 are intended to increase to 50 cents the 25-cent surcharges imposed by similar language in a bill styled as 1993 H.F. No. 1709.

(b) If sections 2 and 3 and 1993 H.F. No. 1709 become law, the revisor shall change the amount of the surcharges as listed in Minnesota Statutes, sections 168.345 and 171.12, to 50 cents in each case.

Sec. 5. [EFFECTIVE DATE.]

Section 1 is effective June 1, 1994.

ARTICLE 12

CRIME PREVENTION PROGRAMS

Section 1. [242.39] [JUVENILE RESTITUTION GRANT PROGRAM.]

Subdivision 1. [GRANT PROGRAM.] A juvenile restitution grant program is established under the commissioner of corrections to provide and finance work for eligible juveniles. Juveniles eligible to participate in the program are juveniles who have monetary restitution obligations to victims.

Subd. 2. [ADMINISTERING PROGRAM.] The department of corrections shall administer the grant program. The commissioner shall award grants to community correction agencies, other state and local agencies, and nonprofit agencies that meet the criteria developed by the commissioner relating to juvenile restitution grant programs. The criteria developed by the commissioner may include a requirement that the agency provide a match to the grant amount consisting of in-kind services, money, or both.

Subd. 3. [COOPERATION; TYPES OF PROGRAMS.] The commissioner of corrections shall work with the commissioner of natural resources, the commissioner of jobs and training, local government and nonprofit agencies, educational institutions, and the courts to design and develop suitable juvenile restitution grant programs. Programs must provide services to communities, including but not necessarily limited to, park maintenance, recycling, and other related work. Eligible juveniles may earn monetary restitution on behalf of a victim or perform a service for the victim. Work performed by eligible juveniles must not result in the displacement of currently employed full- or part-time 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. Any monetary restitution earned by an eligible juvenile must either be forwarded to the victim or held in an account for the benefit of the victim.

Subd. 4. [REFERRAL TO PROGRAM.] The grant program must provide that eligible juveniles may be referred to the program by a community diversion agency, a correctional or human service agency, or by a court order of monetary restitution.

Sec. 2. [254A.18] [STATE CHEMICAL HEALTH INDEX MODEL.]

The commissioner of human services, in consultation with the chemical abuse prevention resource council, shall develop and test a chemical health index model to help assess the state's chemical health and coordinate state policy and programs relating to chemical abuse prevention and treatment. The chemical health index model shall assess a variety of factors known to affect the use and abuse of chemicals in different parts of the state including, but not limited to, demographic factors, risk factors, health care utilization, drug-related crime, productivity, resource availability, and overall health.

Sec. 3. Minnesota Statutes 1992, section 256.486, is amended to read:

256.486 [ASIAN ASIAN-AMERICAN JUVENILE CRIME INTERVENTION AND PREVENTION GRANT PROGRAM.]

Subdivision 1. [GRANT PROGRAM.] The commissioner of human services shall establish a grant program for coordinated, family-based crime intervention and prevention services for Asian Asian-American youth. The commissioners of human services, education, and public safety shall work together to coordinate grant activities.

Subd. 2. [GRANT RECIPIENTS.] The commissioner shall award grants in amounts up to \$150,000 to agencies based in the Asian Asian-American community that have experience providing coordinated, family-based community services to Asian Asian-American youth and families.

Subd. 3. [PROJECT DESIGN.] Projects eligible for grants under this section must provide coordinated crime intervention, prevention, and educational services that include:

(1) education for Asian Asian-American parents, including parenting methods in the United States and information about the United States legal and educational systems;

(2) crime intervention and prevention programs for Asian Asian-American youth, including employment and career-related programs and guidance and counseling services;

(3) family-based services, including support networks, language classes, programs to promote parent-child communication, access to education and career resources, and conferences for Asian Asian-American children and parents;

(4) coordination with public and private agencies to improve communication between the Asian Asian-American community and the community at large; and

(5) hiring staff to implement the services in clauses (1) to (4).

Subd. 4. [USE OF GRANT MONEY TO MATCH FEDERAL FUNDS.] Grant money awarded under this section may be used to satisfy any state or local match requirement that must be satisfied in order to receive federal funds.

Subd. 5. [ANNUAL REPORT.] Grant recipients must report to the commissioner by June 30 of each year on the services and programs provided, expenditures of grant money, and an evaluation of the program's success in reducing crime among Asian Asian-American youth.

Sec. 4. Minnesota Statutes 1992, section 299A.35, subdivision 1, is amended to read:

Subdivision 1. [PROGRAMS.] The commissioner shall, in consultation with the chemical abuse prevention resource council, 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) community-based programs designed to enrich the educational, cultural, or recreational opportunities of at-risk elementary or secondary school age youth, including programs designed to keep at-risk youth from dropping out of school and encourage school dropouts to return to school;
- (5) support services for a municipal curfew enforcement program including, but not limited to, rent for drop-off centers, staff, supplies, equipment, and the referral of children who may be abused or neglected; and
- (6) other community-based crime prevention programs that are innovative and encourage substantial involvement by members of the community served by the program.

Sec. 5. Minnesota Statutes 1992, section 299A.35, subdivision 2, is amended to read:

Subd. 2. [GRANT PROCEDURE.] A local unit of government or a nonprofit community-based entity 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; or any provision of chapter 152 that is punishable by a maximum term of imprisonment greater than ten years; and
- (5) the number of economically disadvantaged youth in the geographical areas to be served by the program.

The commissioner shall give priority to funding programs ~~in that demonstrate substantial involvement by members of the community served by the program and either serve 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~~ or serve geographical areas that have the largest concentrations of economically disadvantaged youth. The maximum amount that may be awarded to an applicant is \$50,000.

Sec. 6. Minnesota Statutes 1992, section 299C.065, subdivision 1, is amended to read:

Subdivision 1. [GRANTS.] The commissioner of public safety shall make grants to local officials for the following purposes:

- (1) the cooperative investigation of cross jurisdictional criminal activity relating to the possession and sale of controlled substances;
- (2) receiving or selling stolen goods;
- (3) participating in gambling activities in violation of section 609.76;
- (4) violations of section 609.322, 609.323, or any other state or federal law prohibiting the recruitment, transportation, or use of juveniles for purposes of prostitution; ~~and~~
- (5) witness assistance services in cases involving criminal gang activity in violation of section 609.229, or domestic assault, as defined in section 611A.0315; and
- (6) for partial reimbursement of local costs associated with unanticipated, intensive, long-term, multijurisdictional criminal investigations that exhaust available local resources.

Sec. 7. Minnesota Statutes 1992, section 357.021, subdivision 2, is amended to read:

Subd. 2. [FEE AMOUNTS.] The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of \$110.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of \$110.

The party requesting a trial by jury shall pay \$30.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under chapter 103E, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding, \$5, plus 25 cents per page after the first page, and \$3.50, plus 25 cents per page after the first page for an uncertified copy.

(3) Issuing a subpoena, \$3 for each name.

(4) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$10.

(5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$7.50.

(6) Filing and entering a satisfaction of judgment, partial satisfaction, or assignment of judgment, \$5.

(7) Certificate as to existence or nonexistence of judgments docketed, \$5 for each name certified to.

(8) Filing and indexing trade name; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians, or optometrists, \$5.

(9) For the filing of each partial, final, or annual account in all trusteeships, \$10.

(10) For the deposit of a will, \$5.

(11) For recording notary commission, \$25, of which, notwithstanding subdivision 1a, paragraph (b), \$20 must be forwarded to the state treasurer to be deposited in the state treasury and credited to the general fund.

(12) When a defendant pleads guilty to or is sentenced for a petty misdemeanor other than a parking violation, the defendant shall pay a fee of ~~\$5~~ \$11.

(13) Filing a motion or response to a motion for modification of child support, a fee fixed by rule or order of the supreme court.

(14) All other services required by law for which no fee is provided, such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

The fees in clauses (3) and (4) need not be paid by a public authority or the party the public authority represents.

Sec. 8. Minnesota Statutes 1992, section 609.101, subdivision 1, is amended to read:

Subdivision 1. [SURCHARGES AND ASSESSMENTS.] (a) 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 20 percent of the fine. This section applies whether or not the person is sentenced to imprisonment and when the sentence is suspended.

(b) In addition to the assessments in paragraph (a), the court shall assess the following surcharges after a person is convicted:

- (1) for a person charged with a felony, \$25;
- (2) for a person charged with a gross misdemeanor, \$15;
- (3) for a person charged with a misdemeanor other than a traffic, parking, or local ordinance violation, \$10; and
- (4) for a person charged with a local ordinance violation other than a parking or traffic violation, \$5.

The surcharge must be assessed for the original charge, whether or not it is subsequently reduced. A person charged on more than one count may be assessed only one surcharge under this paragraph, but must be assessed for the most serious offense. This paragraph applies whether or not the person is sentenced to imprisonment and when the sentence is suspended.

~~(c) 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.~~

~~(d) If the court fails to waive or impose an assessment required by paragraph (a), 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. If the court fails to waive or impose an assessment required by paragraph (b), the court administrator shall correct the record to show imposition of the assessment described in paragraph (b).~~

~~(e) (d) 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 assessments or surcharges and the commissioner shall credit all money so forwarded to the general fund.~~

~~(f) (e) 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.~~

Sec. 9. Minnesota Statutes 1992, section 609.101, subdivision 2, is amended to read:

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 portion of the 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 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 general fund. Fine proceeds received by a local victim assistance program must be used to provide direct services to crime victims.

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: crime victim crisis centers, victim-witness programs, battered women shelters and nonshelter programs, and sexual assault programs.

Sec. 10. Minnesota Statutes 1992, section 609.101, subdivision 3, is amended to read:

Subd. 3. [CONTROLLED SUBSTANCE OFFENSES; MINIMUM FINES.] (a) Notwithstanding any other law, when a court sentences a person convicted of:

(1) a ~~first degree controlled substance crime under section~~ sections 152.021 to 152.025, it must impose a fine of not less than ~~\$2,500~~ 20 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law;

(2) a ~~second degree controlled substance crime under section 152.022~~, it must impose a fine of not less than \$1,000 nor more than the maximum fine authorized by law;

(3) a ~~third degree controlled substance crime under section 152.023~~, it must impose a fine of not less than \$750 nor more than the maximum fine authorized by law;

(4) a ~~fourth degree controlled substance crime under section 152.024~~, it must impose a fine of not less than \$500 nor more than the maximum fine authorized by law; and

(5) a ~~fifth degree controlled substance violation under section 152.025~~, it must impose a fine of not less than \$300 nor more than the maximum fine authorized by law.

(b) ~~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.~~

(c) 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.

(d) ~~(c)~~ The court shall collect the fine mandated by this subdivision and forward 70 percent of it to a local drug abuse prevention program existing or being implemented in the county in which the crime was committed. The court shall forward the remaining 30 percent to the state treasurer to be credited to the general fund. If more than one drug abuse prevention 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 community in which the crime was committed, the funding needs of the program, the number of peace officers in each community certified to teach the program, and the number of children served by the program in each community. If no drug abuse prevention program serves communities in that county, the court shall forward 100 percent of the fine proceeds to the state treasurer to be credited to the general fund.

(e) ~~(d)~~ The minimum fines required by this subdivision shall be collected as are other fines. Fine proceeds received by a local drug abuse prevention program must be used to support that program, and may be used for salaries of peace officers certified to teach the program. The drug abuse resistance education program must report receipt and use of money generated under this subdivision as prescribed by the drug abuse resistance education advisory council.

(f) ~~(e)~~ As used in this subdivision, "drug abuse prevention program" and "program" include:

(1) the drug abuse resistance education program described in sections 299A.33 and 299A.331; and

(2) any similar drug abuse education and prevention program that includes the following components:

(A) instruction for students enrolled in kindergarten through grade six that is designed to teach students to recognize and resist pressures to experiment with controlled substances and alcohol;

(B) provisions for parental involvement;

- (C) classroom instruction by uniformed law enforcement personnel;
- (D) the use of positive student leaders to influence younger students not to use drugs; and
- (E) an emphasis on activity-oriented techniques designed to encourage student-generated responses to problem-solving situations.

Sec. 11. Minnesota Statutes 1992, section 609.101, subdivision 4, is amended to read:

Subd. 4. [MINIMUM FINES; OTHER CRIMES.] Notwithstanding any other law:

(1) when a court sentences a person convicted of a felony that is not listed in subdivision 2 or 3, it must impose a fine of not less than ~~20~~ 30 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law; and

(2) when a court sentences a person convicted of a gross misdemeanor or misdemeanor that is not listed in subdivision 2, it must impose a fine of not less than ~~20~~ 30 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law.

~~The court may not waive payment of the minimum 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 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.

The court shall collect the fines mandated in this subdivision and, except for fines for traffic and motor vehicle violations governed by section 169.871 and section 299D.03 and fish and game violations governed by section 97A.065, forward 20 percent of the revenues to the state treasurer for deposit in the general fund.

Sec. 12. Minnesota Statutes 1992, section 609.101, is amended by adding a subdivision to read:

Subd. 5. [WAIVER PROHIBITED; INSTALLMENT PAYMENTS.] The court may not waive payment of the minimum fine, surcharge, or assessment required by this section. The court may reduce the amount of the minimum fine, surcharge, or assessment if the court makes written findings on the record that the convicted person is indigent or that immediate payment of the fine, surcharge, or assessment would create undue hardship for the convicted person or that person's immediate family. The court may authorize payment of the fine, surcharge, or assessment in installments.

Sec. 13. Laws 1992, chapter 571, article 16, section 4, is amended to read:

Sec. 4. [MULTIDISCIPLINARY PROGRAM GRANTS FOR PROFESSIONAL EDUCATION ABOUT VIOLENCE AND ABUSE.]

(a) The higher education coordinating board may award grants to "eligible institutions" as defined in Minnesota Statutes, section 136A.101, subdivision 4, to provide multidisciplinary ~~training~~ programs that provide training about:

(1) the extent and causes of violence and the identification of violence, which includes physical or sexual abuse or neglect, and racial or cultural violence; and

(2) culturally and historically sensitive approaches to dealing with victims and perpetrators of violence.

(b) ~~The programs shall be multidisciplinary and include~~ must be designed to prepare students to be teachers, child protection workers, school administrators, law enforcement officers, probation officers, parole officers, lawyers, physicians, nurses, mental health professionals, social workers, guidance counselors, and all or other education, human services, mental health, and health care professionals who work with adult and child victims and perpetrators of violence and abuse.

Sec. 14. [HIGHER EDUCATION GRANTS FOR COLLABORATION AMONG HUMAN SERVICES PROFESSIONALS.]

Subdivision 1. [GRANTS.] The higher education coordinating board shall award grants to public post-secondary institutions to develop professional skills for interdisciplinary collaboration in providing health care, human services, and education.

Subd. 2. [PROGRAMS AND ACTIVITIES.] Grants shall support the following programs and activities:

(1) on-campus, off-campus, and multicampus collaboration in training professionals who work with adults and children to enable higher education students to be knowledgeable about the roles and expertise of different professions serving the same clients;

(2) programs to teach professional education students how health and other human services and education can be restructured to coordinate programs for efficiency and better results;

(3) faculty discussion and assessment of methods to provide professionals with the skills needed to collaborate with staff from other disciplines; and

(4) community outreach and leadership activities to reduce fragmentation among public agencies and private organizations serving individuals and families.

Sec. 15. [HIGHER EDUCATION CENTER ON VIOLENCE AND ABUSE.]

Subdivision 1. [CREATION AND DESIGNATION.] The higher education center on violence and abuse is created. The higher education center on violence and abuse shall be located at and managed by a public or private post-secondary institution in Minnesota. The higher education coordinating board shall designate the location of the center following review of proposals from potential higher education sponsors.

Subd. 2. [ADVISORY COMMITTEE.] The higher education coordinating board shall convene an advisory committee to develop specifications for the higher education center and review proposals from higher education institutions. The advisory committee shall include representatives who are students in professional programs, other students, student affairs professionals, professional education faculty, and practicing professionals in the community who are involved with problems of violence and abuse.

Subd. 3. [DUTIES.] The higher education center on violence and abuse shall:

(1) serve as a clearinghouse of information on curriculum models and other resources for professional education and for education of faculty, students, and staff about violence and harassment required under Laws 1992, chapter 571, article 16, section 1;

(2) sponsor conferences and research to assist higher education institutions in developing curricula about violence and abuse;

(3) fund pilot projects to stimulate multidisciplinary curricula about violence and abuse; and

(4) coordinate policies to ensure that professions and occupations with responsibilities toward victims and offenders have the knowledge and skills needed to prevent and respond appropriately to the problems of violence and abuse.

Subd. 4. [PROFESSIONAL EDUCATION AND LICENSURE.] By March 15, 1994, the center shall convene task forces for professions that work with victims and perpetrators of violence. Task forces must be formed for the following professions: teachers, school administrators, guidance counselors, law enforcement officers, lawyers, physicians, nurses, psychologists, and social workers. Each task force must include representatives of the licensing agency, higher education systems offering programs in the profession, appropriate professional associations, students or recent graduates, representatives of communities served by the profession, and employers or experienced professionals. The center must establish guidelines for the work of the task forces. Each task force must review current programs, licensing regulations and examinations, and accreditation standards to identify specific needs and plans for ensuring that professionals are adequately prepared and updated on violence and abuse issues.

Subd. 5. [PROGRESS REPORT.] The center shall provide a progress report to the legislature by March 15, 1994.

Sec. 16. [INSTITUTE FOR CHILD AND ADOLESCENT SEXUAL HEALTH.]

Subdivision 1. [PLANNING.] The interdisciplinary committee established in Laws 1992, chapter 571, article 1, section 28, shall continue planning for an institute for child and adolescent sexual health.

Subd. 2. [SPECIFIC RECOMMENDATIONS.] (a) The committee shall develop specific recommendations regarding the structure, funding, staffing and staff qualifications, siting, and affiliations of the institute, and a detailed plan for long-term funding of the institute which shall not be a state program.

(b) The committee shall also clearly document and describe the following:

- (1) the problems to be addressed by the institute, including statistical data on the extent of these problems;
- (2) strategies already available in the professional literature to address these problems;
- (3) information on which of these strategies have been implemented in Minnesota, including data on the availability and effectiveness of these strategies and gaps in the availability of these strategies;
- (4) the rationale for the recommended design of the institute; and
- (5) the mission of the institute, including a code of ethics for conducting research.

Subd. 3. [REPORT.] The commissioner of health shall submit a report to the legislature by January 1, 1994, based on the recommendations of the committee.

Sec. 17. [SURVEY OF INMATES.]

Subdivision 1. [SURVEY REQUIRED.] The commissioner of corrections shall conduct a survey of inmates in the state correctional system who have been committed to the custody of the commissioner for a period of more than one year's incarceration. The survey may be conducted by an outside party. In surveying the inmates, the commissioner shall take steps to ensure that the confidentiality of responses is strictly maintained. The survey shall compile information about each inmate concerning, but not limited to, the following:

- (1) offense for which currently incarcerated;
- (2) sex of inmate, place of birth, date of birth, and age of mother at birth;
- (3) major caretaker during preschool years, marital status of family, and presence of male in household during childhood;
- (4) number of siblings;
- (5) attitude toward school, truancy history, and school suspension history;
- (6) involvement of sibling or parent in criminal justice system;
- (7) age of inmate's first involvement in criminal justice system, the type of offense or charge, the response of criminal justice system, and the type of treatment or punishment, if any;
- (8) nature of discipline used in home;
- (9) placement in foster care or adoption;
- (10) childhood traumas;
- (11) most influential adult in life;
- (12) chemical abuse problems among adults in household while a child;
- (13) inmate's chemical history, and if a problem of chemical abuse exists, the age of its onset;

(14) city, suburb, small town, or rural environment during childhood and state or states of residence before the age of 18;

(15) number of times family moved during school years;

(16) involvement with school or community activities;

(17) greatest problem as a child;

(18) greatest success as a child; and

(19) physical or sexual abuse as a child.

Subd. 2. [REPORT.] By January 1, 1994, the commissioner shall compile the results of the survey and report them to the chairs of the senate committee on crime prevention and the house committee on judiciary. Information concerning the identity of individual inmates shall not be reported.

Sec. 18. Laws 1991, chapter 279, section 41, is amended to read:

Sec. 41. [REPEALERS.]

~~(a) Minnesota Statutes 1990, sections 244.095; and 299A.29, subdivisions 2 and 4, are repealed.~~

~~(b) Minnesota Statutes 1990, section 609.101, subdivision 3, is repealed effective July 1, 1993.~~

Sec. 19. [REPEALER.]

Minnesota Statutes 1992, section 299A.325, is repealed.

ARTICLE 13

TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 1992, section 144A.04, subdivision 4, is amended to read:

Subd. 4. [CONTROLLING PERSON RESTRICTIONS.] (a) The controlling persons of a nursing home may not include any person who was a controlling person of another nursing home during any period of time in the previous two-year period:

(1) during which time of control that other nursing home incurred the following number of uncorrected or repeated violations:

(i) two or more uncorrected violations or one or more repeated violations which created an imminent risk to direct resident care or safety; or

(ii) four or more uncorrected violations or two or more repeated violations of any nature for which the fines are in the four highest daily fine categories prescribed in rule; or

(2) who was convicted of a felony or gross misdemeanor ~~punishable by a term of imprisonment of more than 90 days~~ that relates to operation of the nursing home or directly affects resident safety or care, during that period.

(b) The provisions of this subdivision shall not apply to any controlling person who had no legal authority to affect or change decisions related to the operation of the nursing home which incurred the uncorrected violations.

Sec. 2. Minnesota Statutes 1992, section 144A.04, subdivision 6, is amended to read:

Subd. 6. [MANAGERIAL EMPLOYEE OR LICENSED ADMINISTRATOR; EMPLOYMENT PROHIBITIONS.] A nursing home may not employ as a managerial employee or as its licensed administrator any person who was a managerial employee or the licensed administrator of another facility during any period of time in the previous two-year period:

(a) During which time of employment that other nursing home incurred the following number of uncorrected violations which were in the jurisdiction and control of the managerial employee or the administrator:

(1) two or more uncorrected violations or one or more repeated violations which created an imminent risk to direct resident care or safety; or

(2) four or more uncorrected violations or two or more repeated violations of any nature for which the fines are in the four highest daily fine categories prescribed in rule; or

(b) who was convicted of a felony or gross misdemeanor ~~punishable by a term of imprisonment of more than 90 days~~ that relates to operation of the nursing home or directly affects resident safety or care, during that period.

Sec. 3. Minnesota Statutes 1992, section 144A.11, subdivision 3a, is amended to read:

Subd. 3a. [MANDATORY REVOCATION.] Notwithstanding the provisions of subdivision 3, the commissioner shall revoke a nursing home license if a controlling person is convicted of a felony or gross misdemeanor ~~punishable by a term of imprisonment of more than 90 days~~ that relates to operation of the nursing home or directly affects resident safety or care. The commissioner shall notify the nursing home 30 days in advance of the date of revocation.

Sec. 4. Minnesota Statutes 1992, section 144B.08, subdivision 3, is amended to read:

Subd. 3. [MANDATORY REVOCATION OR REFUSAL TO ISSUE A LICENSE.] Notwithstanding subdivision 2, the commissioner shall revoke or refuse to issue a residential care home license if the applicant, licensee, or manager of the licensed home is convicted of a felony or gross misdemeanor ~~that is punishable by a term of imprisonment of not more than 90 days and~~ that relates to operation of the residential care home or directly affects resident safety or care. The commissioner shall notify the residential care home 30 days before the date of revocation.

Sec. 5. Minnesota Statutes 1992, section 152.021, subdivision 3, is amended to read:

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) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be ~~sentenced to imprisonment~~ committed to the commissioner of corrections for not less than four years nor more than 40 years or to payment of a fine of not more than \$1,000,000, or both.

(c) In a prosecution under subdivision 1 involving sales by the same person in two or more counties within a 90-day period, the person may be prosecuted for all of the sales in any county in which one of the sales occurred.

Sec. 6. Minnesota Statutes 1992, section 152.022, subdivision 3, is amended to read:

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) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be ~~sentenced to imprisonment~~ committed to the commissioner of corrections for not less than three years nor more than 40 years or to payment of a fine of not more than \$500,000, or both.

(c) In a prosecution under subdivision 1 involving sales by the same person in two or more counties within a 90-day period, the person may be prosecuted for all of the sales in any county in which one of the sales occurred.

Sec. 7. Minnesota Statutes 1992, section 152.023, subdivision 3, is amended to read:

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 payment of a fine of not more than \$250,000, or both.

(b) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be ~~sentenced to imprisonment~~ committed to the commissioner of corrections for not less than two years nor more than 30 years or to payment of a fine of not more than \$250,000, or both.

Sec. 8. Minnesota Statutes 1992, section 152.024, subdivision 3, is amended to read:

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) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be ~~sentenced to imprisonment~~ committed to the commissioner of corrections or to a local correctional authority for not less than one year nor more than 30 years or to payment of a fine of not more than \$100,000, or both.

Sec. 9. Minnesota Statutes 1992, section 152.025, subdivision 3, is amended to read:

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) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be ~~sentenced to imprisonment~~ committed to the commissioner of corrections or to a local correctional authority 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. 10. Minnesota Statutes 1992, section 152.026, is amended to read:

152.026 [MANDATORY SENTENCES.]

A defendant convicted and sentenced to a mandatory sentence under sections 152.021 to 152.025 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, 609.12, and 609.135. "Term of imprisonment" has the meaning given in section 244.01, subdivision 8.

Sec. 11. Minnesota Statutes 1992, section 152.18, subdivision 1, is amended to read:

Subdivision 1. If any person is found guilty of a violation of section 152.024, 152.025, or 152.027 for possession of a controlled substance, after trial or upon a plea of guilty, the court may, without entering a judgment of guilty and with the consent of the 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~~ sentence provided for the 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 the person and discharge the person from probation before the expiration of the maximum period prescribed for the person's probation. If during the period of probation the person does not violate any of the conditions of the probation, then upon expiration of the period the court shall discharge the person and dismiss the proceedings against that person. Discharge and dismissal under this subdivision shall be without court adjudication of guilt, but a not public record of it shall be retained by the department of public safety for the purpose of use by the courts in determining the merits of subsequent proceedings against the person. The not public record may also be opened only upon court order for purposes of a criminal investigation, prosecution, or sentencing. Upon request by law enforcement, prosecution, or corrections authorities, the department shall notify the requesting party of the existence of the not public record and the right to seek a court order to open it pursuant to this section. The court shall forward a record of any discharge and dismissal under this subdivision to the department of public safety who shall make and maintain the not public record of it as provided under this subdivision. The 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.

For purposes of this subdivision, "not public" has the meaning given in section 13.02, subdivision 8a.

Sec. 12. Minnesota Statutes 1992, section 169.121, subdivision 3a, is amended to read:

Subd. 3a. [HABITUAL OFFENDER PENALTIES.] (a) If a person has been convicted under this section, section 169.129, an ordinance in conformity with either of them, or a statute or ordinance from another state in conformity with either of them, and if the person is then convicted of a gross misdemeanor violation of this section, a violation of section 169.129, or an ordinance in conformity with either of them (1) once within five years after the first conviction or (2) two or more times within ten years after the first conviction, the person must be sentenced to a minimum of 30 days imprisonment or to eight hours of community work service for each day less than 30 days that

the person is ordered to serve in jail. Provided, that if a person is convicted of violating this section, section 169.129, or an ordinance in conformity with either of them two or more times within five years after the first conviction, or within five years after the first of two or more license revocations, as defined in subdivision 3, paragraph (a), clause (2), the person must be sentenced to a minimum of 30 days imprisonment and the sentence may not be waived under paragraph (b) or (c). Notwithstanding section 609.135, the above sentence must be executed, unless the court departs from the mandatory minimum sentence under paragraph (b) or (c).

(b) Prior to sentencing the prosecutor may file a motion to have the defendant sentenced without regard to the mandatory minimum sentence established by this subdivision. The motion must be accompanied by a statement on the record of the reasons for it. When presented with the prosecutor's motion and if it finds that substantial mitigating factors exist, the court shall sentence the defendant without regard to the mandatory minimum ~~term of imprisonment~~ sentence established by this subdivision.

(c) The court may, on its own motion, sentence the defendant without regard to the mandatory minimum ~~term of imprisonment~~ sentence established by this subdivision if it finds that substantial mitigating factors exist and if its sentencing departure is accompanied by a statement on the record of the reasons for it.

(d) The court may sentence the defendant without regard to the mandatory minimum ~~term of imprisonment~~ sentence established by this subdivision if the defendant is sentenced to probation and ordered to participate in a program established under section 169.1265.

(e) When any portion of the sentence required by this subdivision is not executed, the court should impose a sentence that is proportional to the extent of the offender's prior criminal and moving traffic violation record.

Sec. 13. Minnesota Statutes 1992, section 238.16, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANOR.] Any person violating the provisions of this chapter is guilty of a gross misdemeanor. Any ~~term of imprisonment~~ sentence imposed for any violation by a corporation shall be served by the senior resident officer of the corporation.

Sec. 14. Minnesota Statutes 1992, section 244.065, is amended to read:

244.065 [PRIVATE EMPLOYMENT OF INMATES OF STATE CORRECTIONAL INSTITUTIONS IN COMMUNITY.]

When consistent with the public interest and the public safety, the commissioner of corrections may conditionally release an inmate to work at paid employment, seek employment, or participate in a vocational training or educational program, as provided in section 241.26, if the inmate has served at least one half of the term of imprisonment as ~~reduced by good time earned by the inmate.~~

Sec. 15. Minnesota Statutes 1992, section 244.14, subdivision 3, is amended to read:

Subd. 3. [SANCTIONS.] The commissioner shall impose severe and meaningful sanctions for violating the conditions of an intensive community supervision program. The commissioner shall provide for revocation of intensive community supervision of an offender who:

(1) commits a material violation of or repeatedly fails to follow the rules of the program;

(2) commits any misdemeanor, gross misdemeanor, or felony offense; or

(3) presents a risk to the public, based on the offender's behavior, attitude, or abuse of alcohol or controlled substances. The revocation of intensive community supervision is governed by the procedures in the commissioner's rules adopted under section 244.05, subdivision 2.

An offender whose intensive community supervision is revoked shall be imprisoned for a time period equal to the offender's ~~original~~ term of imprisonment, but in no case for longer than the time remaining in the offender's sentence. "~~Original~~ Term of imprisonment" means a time period equal to two-thirds of the sentence originally executed by the sentencing court, minus jail credit, if any.

Sec. 16. Minnesota Statutes 1992, section 244.15, subdivision 1, is amended to read:

Subdivision 1. [DURATION.] Phase I of an intensive community supervision program is six months, or one-half the time remaining in the offender's ~~original~~ term of imprisonment, whichever is less. Phase II lasts for at least one-third of the time remaining in the offender's ~~original~~ term of imprisonment at the beginning of Phase II. Phase III lasts for at least one-third of the time remaining in the offender's ~~original~~ term of imprisonment at the beginning of Phase III. Phase IV continues until the commissioner determines that the offender has successfully completed the program or until the offender's sentence, minus jail credit, expires, whichever occurs first. If an offender successfully completes the intensive community supervision program before the offender's sentence expires, the offender shall be placed on supervised release for the remainder of the sentence.

Sec. 17. Minnesota Statutes 1992, section 244.171, subdivision 4, is amended to read:

Subd. 4. [SANCTIONS.] The commissioner shall impose severe and meaningful sanctions for violating the conditions of the challenge incarceration program. The commissioner shall remove an offender from the challenge incarceration program if the offender:

- (1) commits a material violation of or repeatedly fails to follow the rules of the program;
- (2) commits any misdemeanor, gross misdemeanor, or felony offense; or
- (3) presents a risk to the public, based on the offender's behavior, attitude, or abuse of alcohol or controlled substances. The removal of an offender from the challenge incarceration program is governed by the procedures in the commissioner's rules adopted under section 244.05, subdivision 2.

An offender who is removed from the challenge incarceration program shall be imprisoned for a time period equal to the offender's ~~original~~ term of imprisonment, minus earned good time if any, but in no case for longer than the time remaining in the offender's sentence. "~~Original~~ Term of imprisonment" means a time period equal to two-thirds of the sentence originally executed by the sentencing court, minus jail credit, if any.

Sec. 18. Minnesota Statutes 1992, section 299A.35, subdivision 2, is amended to read:

Subd. 2. [GRANT PROCEDURE.] A local unit of government or a nonprofit community-based entity 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; or any provision of chapter 152 that is punishable by a maximum ~~term of imprisonment~~ sentence 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 \$50,000.

Sec. 19. Minnesota Statutes 1992, section 609.0341, subdivision 1, is amended to read:

Subdivision 1. [GROSS MISDEMEANORS.] Any law of this state which provides for a maximum fine of \$1,000 or for a maximum ~~term~~ sentence of imprisonment of one year or which is defined as a gross misdemeanor shall, on or after August 1, 1983, be deemed to provide for a maximum fine of \$3,000 and for a maximum ~~term~~ sentence of imprisonment of one year.

Sec. 20. Minnesota Statutes 1992, section 609.101, subdivision 2, is amended to read:

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 portion of the 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 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 general fund. Fine proceeds received by a local victim assistance program must be used to provide direct services to crime victims.

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~~ sentence 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: crime victim crisis centers, victim-witness programs, battered women shelters and nonshelter programs, and sexual assault programs.

Sec. 21. Minnesota Statutes 1992, section 609.101, subdivision 3, is amended to read:

Subd. 3. [CONTROLLED SUBSTANCE OFFENSES; MINIMUM FINES.] (a) Notwithstanding any other law, when a court sentences a person convicted of:

- (1) a first degree controlled substance crime under section 152.021, it must impose a fine of not less than \$2,500 nor more than the maximum fine authorized by law;
- (2) a second degree controlled substance crime under section 152.022, it must impose a fine of not less than \$1,000 nor more than the maximum fine authorized by law;
- (3) a third degree controlled substance crime under section 152.023, it must impose a fine of not less than \$750 nor more than the maximum fine authorized by law;
- (4) a fourth degree controlled substance crime under section 152.024, it must impose a fine of not less than \$500 nor more than the maximum fine authorized by law; and
- (5) a fifth degree controlled substance violation under section 152.025, it must impose a fine of not less than \$300 nor more than the maximum fine authorized by law.

(b) 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.

(c) 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~~ sentence of imprisonment or restitution imposed or ordered by the court.

(d) The court shall collect the fine mandated by this subdivision and forward 70 percent of it to a local drug abuse prevention program existing or being implemented in the county in which the crime was committed. The court shall forward the remaining 30 percent to the state treasurer to be credited to the general fund. If more than one drug abuse prevention 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 community in which the crime was committed, the funding needs of the program, the number of peace officers in each community certified to teach the program, and the number of children served by the program in each community. If no drug abuse prevention program serves communities in that county, the court shall forward 100 percent of the fine proceeds to the state treasurer to be credited to the general fund.

(e) The minimum fines required by this subdivision shall be collected as are other fines. Fine proceeds received by a local drug abuse prevention program must be used to support that program, and may be used for salaries of peace officers certified to teach the program. The drug abuse resistance education program must report receipt and use of money generated under this subdivision as prescribed by the drug abuse resistance education advisory council.

(f) As used in this subdivision, "drug abuse prevention program" and "program" include:

(1) the drug abuse resistance education program described in sections 299A.33 and 299A.331; and

(2) any similar drug abuse education and prevention program that includes the following components:

(A) instruction for students enrolled in kindergarten through grade six that is designed to teach students to recognize and resist pressures to experiment with controlled substances and alcohol;

(B) provisions for parental involvement;

(C) classroom instruction by uniformed law enforcement personnel;

(D) the use of positive student leaders to influence younger students not to use drugs; and

(E) an emphasis on activity-oriented techniques designed to encourage student-generated responses to problem-solving situations.

Sec. 22. Minnesota Statutes 1992, section 609.101, subdivision 4, is amended to read:

Subd. 4. [MINIMUM FINES; OTHER CRIMES.] Notwithstanding any other law:

(1) when a court sentences a person convicted of a felony that is not listed in subdivision 2 or 3, it must impose a fine of not less than 20 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law; and

(2) when a court sentences a person convicted of a gross misdemeanor or misdemeanor that is not listed in subdivision 2, it must impose a fine of not less than 20 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law.

The court may not waive payment of the minimum 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 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~~ sentence of imprisonment or restitution imposed or ordered by the court.

Sec. 23. Minnesota Statutes 1992, section 609.11, is amended to read:

609.11 [MINIMUM ~~TERMS~~ SENTENCES OF IMPRISONMENT.]

Subdivision 1. [COMMITMENTS WITHOUT MINIMUMS.] All commitments to the commissioner of corrections for imprisonment of the defendant are without minimum terms except when the sentence is to life imprisonment as required by law and except as otherwise provided in this chapter.

Subd. 4. [DANGEROUS WEAPON.] Any defendant convicted of an offense listed in subdivision 9 in which the defendant or an accomplice, at the time of the offense, used, whether by brandishing, displaying, threatening with, or otherwise employing, a dangerous weapon other than a firearm, or had in possession a firearm, shall be committed to the commissioner of corrections for a ~~mandatory minimum term of imprisonment~~ of not less than one year plus one day, nor more than the maximum sentence provided by law. Any defendant convicted of a second or subsequent offense in which the defendant or an accomplice, at the time of the offense, used a dangerous weapon other than a firearm, or had in possession a firearm, shall be committed to the commissioner of corrections for a ~~mandatory minimum term of imprisonment~~ of not less than three years nor more than the maximum sentence provided by law.

Subd. 5. [FIREARM.] Any defendant convicted of an offense listed in subdivision 9 in which the defendant or an accomplice, at the time of the offense, used, whether by brandishing, displaying, threatening with, or otherwise employing, a firearm, shall be committed to the commissioner of corrections for a ~~mandatory minimum term of imprisonment~~ of not less than three years, nor more than the maximum sentence provided by law. Any defendant convicted of a second or subsequent offense in which the defendant or an accomplice, at the time of the offense, used a firearm shall be committed to the commissioner of corrections for a ~~mandatory minimum term of imprisonment~~ of not less than five years, nor more than the maximum sentence provided by law.

Subd. 5a. [DRUG OFFENSES.] Notwithstanding section 609.035, whenever a defendant is subject to a mandatory minimum ~~term of imprisonment~~ sentence for a felony violation of chapter 152 and is also subject to this section, the minimum ~~term of imprisonment~~ sentence imposed under this section shall be consecutive to that imposed under chapter 152.

Subd. 6. [NO EARLY RELEASE.] Any defendant convicted and sentenced as required by this section 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 the provisions of sections 242.19, 243.05, 244.04, 609.12 and 609.135.

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.

Subd. 8. [MOTION BY PROSECUTOR.] Prior to the time of sentencing, the prosecutor may file a motion to have the defendant sentenced without regard to the mandatory minimum ~~terms of imprisonment~~ sentences established by this section. The motion shall be accompanied by a statement on the record of the reasons for it. When presented with the motion and if it finds substantial mitigating factors exist, the court shall sentence the defendant without regard to the mandatory minimum ~~terms of imprisonment~~ sentences established by this section.

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. 24. Minnesota Statutes 1992, section 609.135, subdivision 1, is amended to read:

Subdivision 1. [TERMS AND CONDITIONS.] Except when a sentence of life imprisonment is required by law, or when a mandatory minimum ~~term of imprisonment~~ sentence is required by section 609.11, any court may stay imposition or execution of sentence and (a) may order intermediate sanctions without placing the defendant on probation, or (b) may place the defendant on probation with or without supervision and on the terms the court prescribes, including intermediate sanctions when practicable. The court may order the supervision to be under the probation officer of the court, or, if there is none and the conviction is for a felony or gross misdemeanor, by the

commissioner of corrections, or in any case by some other suitable and consenting person. No intermediate sanction may be ordered performed at a location that fails to observe applicable requirements or standards of chapter 181A or 182, or any rule promulgated under them. For purposes of this subdivision, subdivision 6, and section 609.14, the term "intermediate sanctions" includes but is not limited to incarceration in a local jail or workhouse, home detention, electronic monitoring, intensive probation, sentencing to service, reporting to a day reporting center, chemical dependency or mental health treatment or counseling, restitution, fines, day-fines, community work service, and work in lieu of or to work off fines.

A court may not stay the revocation of the driver's license of a person convicted of violating the provisions of section 169.121.

Sec. 25. Minnesota Statutes 1992, section 609.1352, subdivision 1, is amended to read:

Subdivision 1. [SENTENCING AUTHORITY.] A court shall ~~sentence~~ commit a person to a term of imprisonment ~~of the commissioner of corrections for a period of time that is~~ 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 for a period of time that is~~ equal to the statutory maximum, if:

(1) the court is imposing an executed sentence, based on a sentencing guidelines presumptive imprisonment sentence or a dispositional departure for aggravating circumstances or a mandatory minimum 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 crime listed in subdivision 2 if it reasonably appears to the court that the crime 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. The finding must be based on a professional assessment by an examiner experienced in evaluating sex offenders that 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 offense history of the offender or the severity of the current offense, the social history of the offender, and the results of an examination of the offender's mental status unless the offender refuses to be examined. The conclusion may not be based on testing alone. A patterned sex offender is one whose criminal sexual behavior is so engrained that the risk of reoffending is great without intensive psychotherapeutic intervention or other long-term controls.

Sec. 26. Minnesota Statutes 1992, section 609.15, subdivision 2, is amended to read:

Subd. 2. [LIMIT ON ~~TERMS SENTENCES~~; MISDEMEANOR AND GROSS MISDEMEANOR.] If the court specifies that the sentence shall run consecutively and all of the sentences are for misdemeanors, the total of the ~~terms of imprisonment sentences~~ shall not exceed one year. If all of the sentences are for gross misdemeanors, the total of the ~~terms sentences~~ shall not exceed three years.

Sec. 27. Minnesota Statutes 1992, section 609.152, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given.

(b) "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. The term includes a conviction by any court in Minnesota or another jurisdiction.

(c) "Prior conviction" means a conviction that occurred before the offender committed the next felony resulting in a conviction and before the offense for which the offender is being sentenced under this section.

(d) "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: section 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; or any provision of chapter 152 that is punishable by a maximum ~~term of imprisonment sentence~~ of 15 years or more.

Sec. 28. Minnesota Statutes 1992, section 609.196, is amended to read:

609.196 [MANDATORY PENALTY FOR CERTAIN MURDERERS.]

When a person is convicted of violating section 609.19 or 609.195, the court shall sentence the person to the statutory maximum ~~term of imprisonment~~ sentence for the offense if the person was previously convicted of a heinous crime as defined in section 609.184 and 15 years have not elapsed since the person was discharged from the sentence imposed for that conviction. The court may not stay the imposition or execution of the sentence, notwithstanding section 609.135.

Sec. 29. Minnesota Statutes 1992, section 609.229, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] (a) If the crime committed in violation of subdivision 2 is a felony, the statutory maximum for the crime is three years longer than the statutory maximum for the underlying crime.

(b) If the crime committed in violation of subdivision 2 is a misdemeanor, the person is guilty of a gross misdemeanor.

(c) If the crime committed in violation of subdivision 2 is a gross misdemeanor, the person is guilty of a felony and may be sentenced to a ~~term of imprisonment of~~ for not more than one year and a day or to payment of a fine of not more than \$5,000, or both.

Sec. 30. Minnesota Statutes 1992, section 609.346, subdivision 2, is amended to read:

Subd. 2. [SUBSEQUENT SEX OFFENSE; PENALTY.] Except as provided in subdivision 2a or 2b, if a person is convicted under sections 609.342 to 609.345, within 15 years of a previous sex offense 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 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.

Sec. 31. Minnesota Statutes 1992, section 609.346, subdivision 2b, is amended to read:

Subd. 2b. [MANDATORY 30-YEAR SENTENCE.] (a) The court shall ~~sentence~~ commit a person to a ~~term of the commissioner of corrections for not less than~~ 30 years, notwithstanding the statutory maximum sentence under section 609.343, if:

(1) the person is convicted under section 609.342, subdivision 1, clause (c), (d), (e), or (f); or 609.343, subdivision 1, clause (c), (d), (e), or (f); and

(2) the court determines on the record at the time of sentencing that:

(i) the crime involved an aggravating factor that would provide grounds for an upward departure under the sentencing guidelines other than the aggravating factor applicable to repeat criminal sexual conduct convictions; and

(ii) the person has a previous sex offense conviction under section 609.342, 609.343, or 609.344.

(b) Notwithstanding sections 609.342, subdivision 3; and 609.343, subdivision 3; and subdivision 2, the court may not stay imposition or execution of the sentence required by this subdivision.

Sec. 32. Minnesota Statutes 1992, section 609.3461, subdivision 2, is amended to read:

Subd. 2. [BEFORE RELEASE.] If a person convicted of violating or attempting to violate section 609.342, 609.343, 609.344, or 609.345, or sentenced as a patterned sex offender under section 609.1352, and committed to the custody of the commissioner of corrections ~~for a term of imprisonment~~, has not provided a biological specimen for the purpose of DNA analysis, the commissioner of corrections or local corrections authority shall order the person to provide a biological specimen for the purpose of DNA analysis before completion of the person's term of imprisonment. The commissioner of corrections or local corrections authority shall forward the sample to the bureau of criminal apprehension.

Sec. 33. Minnesota Statutes 1992, section 609.582, subdivision 1a, is amended to read:

Subd. 1a. [MANDATORY MINIMUM SENTENCE FOR BURGLARY OF OCCUPIED DWELLING.] A person convicted of committing burglary of an occupied dwelling, as defined in subdivision 1, clause (a), must be committed to the commissioner of corrections or county workhouse for ~~a mandatory minimum term of imprisonment of~~ not less than six months.

Sec. 34. Minnesota Statutes 1992, section 609.891, subdivision 2, is amended to read:

Subd. 2. [FELONY.] (a) A person who violates subdivision 1 in a manner that creates a grave risk of causing the death of a person is guilty of a felony and may be sentenced to ~~a term of imprisonment of~~ for not more than ten years or to payment of a fine of not more than \$20,000, or both.

(b) A person who is convicted of a second or subsequent gross misdemeanor violation of subdivision 1 is guilty of a felony and may be sentenced under paragraph (a).

Sec. 35. Minnesota Statutes 1992, section 611A.06, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF RELEASE REQUIRED.] The commissioner of corrections or other custodial authority shall make a good faith effort to notify the victim that the offender is to be released from imprisonment or incarceration, including release on extended furlough and for work release; released from a juvenile correctional facility; released from a facility in which the offender was confined due to incompetency, mental illness, or mental deficiency, or commitment under section 253B.18; or transferred from one correctional facility to another when the correctional program involves less security, if the victim has mailed to the commissioner of corrections or to the head of the facility in which the offender is confined a written request for this notice. The good faith effort to notify the victim must occur prior to the release, transfer, or change in security status. For a victim of a felony crime against the person for which the offender was sentenced to ~~a term of imprisonment of~~ for more than 18 months, the good faith effort to notify the victim must occur 60 days before the offender's release, transfer, or change in security status.

Sec. 36. Minnesota Statutes 1992, section 629.291, subdivision 1, is amended to read:

Subdivision 1. [PETITION FOR TRANSFER.] The attorney general of the United States, or any of the attorney general's assistants, or the United States attorney for the district of Minnesota, or any of the United States attorney's assistants, may file a petition with the governor requesting the state of Minnesota to consent to transfer an inmate, serving a ~~term of imprisonment sentence~~ in a Minnesota correctional facility for violation of a Minnesota criminal law, to the United States district court for the purpose of being tried for violation of a federal criminal law. In order for a petition to be filed under this section, the inmate must at the time of the filing of the petition be under indictment in the United States district court for Minnesota for violation of a federal criminal law. The petition must name the inmate for whom transfer is requested and the Minnesota correctional facility in which the inmate is imprisoned. The petition must be verified and have a certified copy of the federal indictment attached to it. The petitioner must agree in the petition to pay all expenses incurred by the state in transferring the inmate to the United States court for trial.

Sec. 37. [EFFECTIVE DATE.]

Sections 1 to 36 are effective August 1, 1993, and apply to crimes committed on or after that date.

ARTICLE 14

APPROPRIATIONS

Section 1. [APPROPRIATION.]

\$9,345,000 is appropriated from the general fund to the agencies and for the purposes indicated in this article, to be available for the fiscal year ending June 30 in the years indicated.

1994

1995

Sec. 2. DEPARTMENT OF EDUCATION.

For violence prevention education grants under Minnesota Statutes, section 126.78. One hundred percent of this appropriation must be paid according to the process established in Minnesota Statutes, section 124.195, subdivision 9. Up to \$50,000 of this appropriation may be used for administration of the programs funded in this section.

1,500,000

1,500,000

Sec. 3. HIGHER EDUCATION COORDINATING BOARD		
For purposes of article 12, sections 13, 14, and 15.	200,000	200,000
Sec. 4. DARE ADVISORY COUNCIL		
For drug abuse resistance education programs under Minnesota Statutes, section 299A.331.	190,000	190,000
Sec. 5. DEPARTMENT OF PUBLIC SAFETY		
(a) For community crime reduction grants under Minnesota Statutes, section 299A.35. Of this appropriation, \$500,000 each year is for programs qualifying under Minnesota Statutes, section 299A.35, subdivision 1, clauses (2) and (4); \$100,000 each year is for programs qualifying under section 299A.35, subdivision 1, clause (3); and \$100,000 each year is for programs qualifying under section 299A.35, subdivision 1, clause (5).	700,000	700,000
(b) For the costs of providing training on and auditing of the BCA's criminal justice information systems reporting requirements.	100,000	100,000
(c) For the costs of providing training on and auditing of the criminal justice data communications network criminal justice information systems reporting requirements.	100,000	100,000
(d) For the costs of implementing the sex offender registration provisions.	50,000	50,000
Sec. 6. DEPARTMENT OF HUMAN SERVICES		
For the Asian-American juvenile crime prevention grant program authorized by Minnesota Statutes, section 256.486.	100,000	100,000
Sec. 7. DEPARTMENT OF HEALTH		
For the planning process for an institute for child and adolescent sexual health.	65,000	-0-
Sec. 8. DEPARTMENT OF CORRECTIONS		
(a) For the survey of inmates required by article 12, section 17.	25,000	-0-
(b) For the sex offender programming project required by article 8, section 7, to be available until June 30, 1995.	1,175,000	1,300,000
(c) For the costs of providing training on and auditing of criminal justice information systems reporting requirements.	50,000	50,000
(d) For the costs of the juvenile restitution grant program. The commissioner may use up to five percent of this appropriation for administrative expenses.	250,000	250,000
Sec. 9. SUPREME COURT		
For the costs of providing training on and auditing of criminal justice information systems reporting requirements.	100,000	100,000
Sec. 10. SENTENCING GUIDELINES COMMISSION		
For the costs of providing training on and auditing of criminal justice information systems reporting requirements.	50,000	50,000"

Delete the title and insert:

"A bill for an act relating to crime prevention; prohibiting drive-by shootings, possession of dangerous weapons and trespassing on school property, negligent storage of firearms, and reckless discharge of firearms; regulating the transfer of semiautomatic military-style assault weapons; prohibiting possession of a device for converting a firearm to fire at the rate of a machine gun; prohibiting carrying rifles and shotguns in public; increasing penalty for repeat violations of pistol carry permit law; providing for forfeiture of vehicles used in drive-by shootings and prostitution; revising and increasing penalties for stalking, harassment, and domestic abuse offenses; providing for improved training, investigation and enforcement of these laws; increasing penalties for and making revisions to certain controlled substance offenses; revising wiretap warrant law; providing for sentence of life without release for first-degree murder of a peace officer; increasing penalties for crimes committed by groups; increasing penalties and improving enforcement of arson and related crimes; making certain changes to restitution and other crime victim laws; revising laws relating to law enforcement agencies, and state and local corrections agencies; making terminology changes and technical corrections related to new felony sentencing law; expanding scope of sex offender registration and DNA specimen provisions; requiring certain counties to establish diversion programs; increasing certain surcharges and fees; expanding community crime reduction grant programs; appropriating money; amending Minnesota Statutes 1992, sections 8.16, subdivision 1; 13.87, subdivision 2; 13.99, by adding a subdivision; 16B.08, subdivision 7; 144.765; 144A.04, subdivisions 4 and 6; 144A.11, subdivision 3a; 144B.08, subdivision 3; 147.09; 152.021, subdivision 3; 152.022, subdivisions 1 and 3; 152.023, subdivisions 2 and 3; 152.024, subdivision 3; 152.025, subdivision 3; 152.026; 152.0971, subdivision 3, and by adding subdivisions; 152.0972, subdivision 1; 152.0973, subdivisions 2, 3, 4, and by adding subdivisions; 152.18, subdivision 1; 168.345, by adding a subdivision; 168.346; 169.121, subdivision 3a; 169.222, subdivision 6, and by adding a subdivision; 169.64, subdivision 3; 169.98, subdivision 1a; 171.12, by adding a subdivision; 214.10, by adding subdivisions; 238.16, subdivision 2; 241.09; 241.26, subdivision 5; 241.67, subdivisions 1, 2, and by adding a subdivision; 243.166, subdivisions 1, 2, 3, 4, 6, and by adding subdivisions; 243.18, subdivision 2, and by adding a subdivision; 243.23, subdivision 3; 244.01, subdivision 8, and by adding a subdivision; 244.05, subdivisions 1b, 4, 5, and by adding a subdivision; 244.065; 244.101; 244.14, subdivisions 2 and 3; 244.15, subdivision 1; 244.17, subdivision 3; 244.171, subdivisions 3 and 4; 244.172, subdivisions 1 and 2; 256.486; 260.185, subdivisions 1 and 1a; 260.193, subdivision 8; 260.251, subdivision 1; 289A.63, by adding a subdivision; 297B.10; 299A.35, subdivisions 1 and 2; 299C.065, subdivision 1; 299C.46, by adding a subdivision; 299C.54, by adding a subdivision; 299D.03, subdivision 1; 299D.06; 299F.04, by adding a subdivision; 299F.811; 299F.815, subdivision 1; 307.08, subdivision 2; 343.21, subdivisions 9 and 10; 357.021, subdivision 2; 388.23, subdivision 1; 390.11, by adding a subdivision; 390.32, by adding a subdivision; 401.02, subdivision 4; 473.386, by adding a subdivision; 480.0591, subdivision 6; 480.30; 518B.01, subdivisions 2, 3, 6, 7, 9, and 14; 540.18, subdivision 1; 541.15; 609.02, subdivision 6; 609.0341, subdivision 1; 609.035; 609.06; 609.101, subdivisions 1, 2, 3, 4, and by adding a subdivision; 609.11; 609.13, by adding a subdivision; 609.135, subdivisions 1, 1a, and 2; 609.1352, subdivision 1; 609.14, subdivision 1; 609.15, subdivision 2; 609.152, subdivision 1; 609.184, subdivision 2; 609.196; 609.224, subdivision 2, and by adding a subdivision; 609.229, subdivision 3; 609.251; 609.341, subdivisions 10, 17, and 19; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2, 2b, and 5; 609.3461, subdivision 2; 609.378, subdivision 1; 609.494; 609.495; 609.505; 609.531; 609.5311, subdivision 3; 609.5312, subdivision 2, and by adding a subdivision; 609.5314, subdivisions 1 and 3; 609.5315, subdivisions 1, 2, 4, and by adding a subdivision; 609.562; 609.563, subdivision 1; 609.576, subdivision 1; 609.582, subdivision 1a; 609.585; 609.605, subdivision 1, and by adding a subdivision; 609.66, subdivision 1a, and by adding subdivisions; 609.67, subdivisions 1 and 2; 609.686; 609.71; 609.713, subdivision 1; 609.748, subdivisions 1, 2, 3, 5, 6, 8, and by adding subdivisions; 609.79, subdivision 1; 609.795, subdivision 1; 609.856, subdivision 1; 609.891, subdivision 2; 609.902, subdivision 4; 611A.02, subdivision 2; 611A.031; 611A.0315; 611A.04, subdivisions 1, 1a, and 3; 611A.06, subdivision 1; 611A.52, subdivisions 5, 8, and 9; 611A.57, subdivisions 2, 3, and 5; 611A.66; 611A.71, subdivisions 1, 2, 3, and 7; 624.711; 624.712, subdivisions 5, 6, and by adding subdivisions; 624.713; 624.7131, subdivisions 1, 4, and 10; 624.7132; 624.714, subdivision 1; 626.05, subdivision 2; 626.13; 626.556, subdivision 10; 626.8451, subdivision 1a; 626A.05, subdivision 1; 626A.06, subdivisions 4, 5, and 6; 626A.10, subdivision 1; 626A.11, subdivision 1; 628.26; 629.291, subdivision 1; 629.34, subdivision 1; 629.341, subdivision 1; 629.342, subdivision 2; 629.72; 631.046, subdivision 1; 631.41; and 641.14; Laws 1991, chapter 279, section 41; Laws 1992, chapter 571, articles 7, section 13, subdivision 1; and 16, section 4; proposing coding for new law in Minnesota Statutes, chapters 121; 169; 174; 242; 254A; 260; 401; 471; 473; 609; 611A; and 624; repealing Minnesota Statutes 1992, sections 214.10, subdivisions 4, 5, 6, and 7; 241.25; 241.67, subdivision 5; 241.671; 243.165; 299A.325; 609.02, subdivisions 12 and 13; 609.131, subdivision 1a; 609.605, subdivision 3; 609.746, subdivisions 2 and 3; 609.747; 609.79, subdivision 1a; 609.795, subdivision 2; 611A.57, subdivision 1; and 629.40, subdivision 5."

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

House Conferees: WESLEY J. "WES" SKOGLUND, DAVE BISHOP, PHIL CARRUTHERS, MARY JO MCGUIRE AND CHUCK BROWN.

Senate Conferees: RANDY C. KELLY, ALLAN H. SPEAR, ELLEN R. ANDERSON, JANE B. RANUM AND PATRICK D. MCGOWAN.

Skoglund moved that the report of the Conference Committee on H. F. No. 1585 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1585, A bill for an act relating to crime; imposing penalties for a variety of firearms-related offenses; expanding forfeiture provisions; revising and increasing penalties for stalking, harassment, and domestic abuse offenses; providing for improved training, investigation and enforcement of these laws; increasing penalties for and making revisions to certain controlled substance offenses; increasing penalties for crimes committed by groups; increasing penalties and improving enforcement of arson and related crimes; making certain changes to restitution and other crime victim laws; revising laws relating to law enforcement agencies, and state and local corrections agencies; requiring certain counties to establish pretrial diversion programs; revising and increasing penalties for a variety of other criminal laws; clarifying certain provisions for the new felony sentencing system; making technical corrections to sentencing statutes; regulating crimes in certain shopping areas; making knowing transfer of HIV virus a felony; increasing parental liability; limiting right to refuse blood testing; appropriating money; amending Minnesota Statutes 1992, sections 8.16, subdivision 1; 13.87, subdivision 2; 16B.08, subdivision 7; 127.03, subdivision 3; 144.765; 144A.04, subdivisions 4 and 6; 144A.11, subdivision 3a; 144B.08, subdivision 3; 152.01, by adding a subdivision; 152.021, subdivision 3; 152.022, subdivisions 1, 2, and 3; 152.023, subdivisions 2 and 3; 152.024, subdivisions 1 and 3; 152.025, subdivision 3; 152.026; 152.0971, subdivisions 1, 3, and by adding subdivisions; 152.0972, subdivision 1; 152.0973, subdivisions 2, 3, and by adding a subdivision; 152.0974; 152.18, subdivision 1; 168.346; 169.121, subdivision 3a; 169.222, subdivisions 1 and 6; 169.64, subdivision 3; 169.98, subdivision 1a; 214.10, by adding subdivisions; 238.16, subdivision 2; 241.09; 241.26, subdivision 5; 241.67, subdivision 2; 243.166, subdivision 1; 243.23, subdivision 3; 244.01, subdivision 8, and by adding a subdivision; 244.05, subdivisions 1b, 4, 5, and by adding a subdivision; 244.065; 244.101; 244.14, subdivisions 2 and 3; 244.15, subdivision 1; 244.17, subdivision 3; 244.171, subdivisions 3 and 4; 244.172, subdivisions 1 and 2; 260.185, subdivisions 1 and 1a; 260.193, subdivision 8; 260.251, subdivision 1; 299A.35, subdivision 2; 299C.46, by adding a subdivision; 299D.03, subdivision 1; 299D.06; 299F.04, by adding a subdivision; 299F.815, subdivision 1; 388.23, subdivision 1; 390.11, by adding a subdivision; 390.32, by adding a subdivision; 401.02, subdivision 4; 473.386, by adding a subdivision; 480.0591, subdivision 6; 480.30; 485.018, subdivision 5; 518B.01, subdivisions 2, 3, 6, 7, 9, and 14; 540.18, subdivision 1; 541.15; 609.02, subdivision 6; 609.0341, subdivision 1; 609.035; 609.05, subdivision 1; 609.06; 609.101, subdivisions 2, 3, and 4; 609.11; 609.135, subdivisions 1, 1a, and 2; 609.1352, subdivision 1; 609.14, subdivision 1; 609.15, subdivision 2; 609.152, subdivisions 1 and 2; 609.175, subdivision 2, and by adding a subdivision; 609.184, subdivision 2; 609.196; 609.224, subdivision 2; 609.229, subdivision 3; 609.251; 609.341, subdivisions 10, 17, 18, and 19; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2, 2b, and 5; 609.3461; 609.378, subdivision 1; 609.494; 609.495; 609.505; 609.531, subdivision 1; 609.5314, subdivision 1; 609.562; 609.563, subdivision 1; 609.576, subdivision 1; 609.582, subdivision 1a; 609.585; 609.605, subdivision 1, and by adding a subdivision; 609.66, subdivisions 1, 1a, and by adding subdivisions; 609.67, subdivisions 1 and 2; 609.686; 609.71; 609.713, subdivision 1; 609.746, by adding a subdivision; 609.748, subdivisions 1, 2, 3, 5, 6, 8, and by adding subdivisions; 609.79, subdivision 1; 609.795, subdivision 1; 609.856, subdivision 1; 609.891, subdivision 2; 609.902, subdivision 4; 611A.02, subdivision 2; 611A.031; 611A.0315; 611A.04, subdivisions 1, 1a, 3, and by adding a subdivision; 611A.06, subdivision 1; 611A.52, subdivisions 5, 8, and 9; 611A.57, subdivisions 2, 3, and 5; 611A.66; 624.711; 624.712, subdivisions 5, 6, and by adding a subdivision; 624.713; 624.7131, subdivisions 1, 4, and 10; 624.7132; 626.05, subdivision 2; 626.13; 626.556, subdivision 10; 626.8451, subdivision 1a; 626A.05, subdivision 1; 626A.06, subdivisions 4, 5, and 6; 626A.10, subdivision 1; 626A.11, subdivision 1; 628.26; 629.291, subdivision 1; 629.34, subdivision 1; 629.341, subdivision 1; 629.342, subdivision 2; 629.72; 631.046, subdivision 1; 631.41; and 641.14; Laws 1991, chapter 279, section 41; Laws 1992, chapter 571, article 7, section 13, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 121; 152; 169; 174; 242; 260; 401; 473; 593; 609; 611A; and 624; repealing Minnesota Statutes 1992, sections 152.0973, subdivision 4; 214.10, subdivisions 4, 5, 6, and 7; 241.25; 609.02, subdivisions 12 and 13; 609.131, subdivision 1a; 609.605, subdivision 3; 609.746, subdivisions 2 and 3; 609.747; 609.79, subdivision 1a; 609.795, subdivision 2; 611A.57, subdivision 1; and 629.40, subdivision 5.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

I hereby announce that the Senate 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. 31, A bill for an act relating to state government; providing for gender balance in multimember agencies; amending Minnesota Statutes 1992, section 15.0597, by adding subdivisions.

The Senate has appointed as such committee:

Ms. Pappas, Messrs. Vickerman and Terwilliger.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

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

S. F. No. 1437.

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. 1437

A bill for an act relating to utilities; requiring cooperative electric associations and municipal utilities to comply with standards set by public utilities commission relating to electrical current or voltage; regulating public utility commission procedures and filings; regulating affiliated interests of public utilities; providing for interim rates; providing that primary fuel source determines whether power generating plant is a large energy facility for purposes of certificate of need process; amending Minnesota Statutes 1992, sections 216B.09; 216B.16, subdivisions 1, 1a, 2, and 3; 216B.2421, subdivision 2, and by adding a subdivision; 216B.43; and 216B.48, subdivisions 1 and 4.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1437, 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. 1437 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 16B.61, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) [EXIT SIGN ILLUMINATION.] For a new building on which construction is begun on or after October 1, 1993, or an existing building on which remodeling affecting 50 percent or more of the enclosed space is begun on or after October 1, 1993, the code must prohibit the use of internally illuminated exit signs whose electrical consumption during nonemergency operation exceeds 20 watts of resistive power with a maximum total power consumption of 40 volt amperes (VA). All other requirements in the code for exit signs must be complied with. ~~Power consumption in volt amperes is the resistive power divided by the power factor.~~

Sec. 2. Minnesota Statutes 1992, section 116C.54, is amended to read:

116C.54 [ADVANCE FORECASTING FORECAST REQUIREMENT.]

Subdivision 1. [REPORT.] Every utility which owns or operates, or plans within the next 15 years to own or operate large electric power generating plants or high voltage transmission lines shall develop forecasts as specified in this section. On or before July 1 of each even-numbered year, every such utility shall submit a report of its forecast to the board. The report may be appropriate portions of a single regional forecast or may be jointly prepared and submitted by two or more utilities and shall contain the following information:

(1) Description of the tentative regional location and general size and type of all large electric power generating plants and high voltage transmission lines to be owned or operated by the utility during the ensuing 15 years or any longer period the board deems necessary;

(2) Identification of all existing generating plants and transmission lines projected to be removed from service during any 15 year period or upon completion of construction of any large electric power generating plants and high voltage transmission lines;

(3) Statement of the projected demand for electric energy for the ensuing 15 years and the underlying assumptions for this forecast, such information to be as geographically specific as possible where this demand will occur;

(4) Description of the capacity of the electric power system to meet projected demands during the ensuing 15 years;

(5) Description of the utility's relationship to other utilities and regional associations, power pools or networks; and

(6) Other relevant information as may be requested by the board.

On or before July 1 of each odd-numbered year, a utility shall verify or submit revisions to items (1) and (2).

Subd. 2. [EXCEPTION.] Public electric utilities submitting advance forecasts containing all information specified in subdivision 1 as part of an integrated resource plan filed pursuant to public utilities commission rules shall be excluded from the annual reporting requirement of this section.

Sec. 3. Minnesota Statutes 1992, section 216B.09, is amended to read:

216B.09 [STANDARDS; CLASSIFICATIONS; RULES; PRACTICES.]

Subdivision 1. [COMMISSION AUTHORITY, GENERALLY.] The commission, after hearing upon reasonable notice had upon on its own motion or upon complaint and after reasonable notice and hearing, may ascertain and fix just and reasonable standards, classifications, rules, or practices to be observed and followed by any or all public utilities with respect to the service to be furnished;

Subd. 2. [ELECTRIC SERVICE.] The commission, on its own motion or upon complaint and after reasonable notice and hearing, may ascertain and fix adequate and reasonable standards for the measurement of the quantity, quality, pressure, initial voltage, or other condition pertaining to the supply of the service; prescribe reasonable rules for the examination and testing of the service and for the measurement thereof; establish or approve reasonable rules, specifications, and standards to secure the accuracy of all meters, instruments and equipment used for the measurement of any service of any public utility. In this subdivision, service standards or requirements governing any current or voltage originating from the practice of grounding of electrical systems apply to cooperative associations and municipal utilities providing or furnishing retail electric service to agricultural customers.

Subd. 3. [FILINGS.] Any standards, classifications, rules, or practices now or hereafter observed or followed by any public utility may be filed by it with the commission, and the same shall continue in force until amended by the public utility or until changed by the commission as herein provided.

The commission may require the filing of all rates, including rates charged to and by public utilities.

Subd. 4. [APPEARANCES BEFORE FEDERAL AGENCY.] The commission is empowered to appear before the Federal Power Energy Regulatory Commission to offer evidence and to seek appropriate relief in any case in which the rates charged consumers within the state of Minnesota may be affected.

Sec. 4. Minnesota Statutes 1992, section 216B.16, subdivision 1, is amended to read:

Subdivision 1. [NOTICE.] Unless the commission otherwise orders, no public utility shall change a rate which has been duly established under this chapter, except upon 60 days notice to the commission. The notice shall include statements of facts, expert opinions, substantiating documents, and exhibits including an energy conservation improvement plan pursuant to section 216B.241, supporting the change requested, and state the change proposed to be made in the rates then in force and the time when the modified rates will go into effect. If the filing utility does not have an approved conservation improvement plan on file with the department of public service, it shall also include in its notice an energy conservation plan pursuant to section 216B.241. The filing utility shall give written notice, as approved by the commission, of the proposed change to the governing body of each municipality and county in the area affected. All proposed changes shall be shown by filing new schedules or shall be plainly indicated upon schedules on file and in force at the time.

Sec. 5. Minnesota Statutes 1992, section 216B.16, subdivision 1a, is amended to read:

Subd. 1a. [SETTLEMENT.] (a) When a public utility submits a general rate filing, the office of administrative hearings, before conducting a contested case hearing, shall convene a settlement conference including all of the parties for the purpose of encouraging settlement of any or all of the issues in the contested case. If a stipulated settlement is not reached before the contested case hearing, the office of administrative hearings may reconvene the settlement conference during or after completion of the contested case hearing at its discretion or a party's request. The office of administrative hearings or the commission may, upon the request of any party and the public utility, extend the procedural schedule of the contested case in order to permit the parties to engage in settlement discussions. An extension must be for a definite period of time not to exceed 60 days.

(b) If the applicant and all intervening parties agree to a stipulated settlement of the case or parts of the case, the settlement must be submitted to the commission. The commission shall accept or reject the settlement in its entirety and, at any time until its final order is issued in the case, may require the office of administrative hearings to conduct a contested case hearing. The commission may accept the settlement on finding that to do so is in the public interest

and is supported by substantial evidence. If the commission does not accept the settlement, it may issue an order modifying the settlement subject to the approval of the parties. Each party shall have ten days in which to reject the proposed modification. If no party rejects the proposed modification, the commission's order becomes final. If the commission rejects the settlement, or a party rejects the commission's proposed modification, a contested case hearing must be completed.

Sec. 6. Minnesota Statutes 1992, section 216B.16, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF PROPOSED RATES; HEARING; FINAL DETERMINATION DEFINED.] (a) Whenever there is filed with the commission a schedule modifying or resulting in a change in any rates then in force as provided in subdivision 1, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected utility a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date except as provided in ~~paragraph (b)~~ this subdivision or subdivision 1a. During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the administrative division of the department of public service can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the utility's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission. All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of public service. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; except if:

(1) an extension of the procedural schedule has been granted under subdivision 1a, in which case the schedule of rates is deemed to have been approved by the commission on the last day of the extended period of suspension; or

(2) a settlement has been submitted to and rejected by the commission, the schedule is deemed to have been approved 12 months after the initial filing and the commission does not make a final determination concerning the schedule of rates, the schedule of rates is deemed to have been approved 60 days after the initial or, if applicable, the extended period of suspension.

(b) If the commission finds that it has insufficient time during the suspension period to make a final determination of a case involving changes in general rates because of the need to make final determinations of other previously filed cases involving changes in general rates under this section or section 237.075, the commission may extend the suspension period to the extent necessary to allow itself 20 working days to make the final determination after it has made final determinations in the previously filed cases. An extension of the suspension period under this paragraph does not alter the setting of interim rates under subdivision 3.

(c) For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 7. Minnesota Statutes 1992, section 216B.16, subdivision 3, is amended to read:

Subd. 3. [INTERIM RATES.] Notwithstanding any order of suspension of a proposed increase in rates, the commission shall order an interim rate schedule into effect not later than 60 days after the initial filing date. The commission shall order the interim rate schedule ex parte without a public hearing. Notwithstanding the provisions of sections 216.25, 216B.27 and 216B.52, no interim rate schedule ordered by the commission pursuant to this subdivision shall be subject to an application for a rehearing or an appeal to a court until the commission has rendered its final determination. Unless the commission finds that exigent circumstances exist, the interim rate schedule shall be calculated using the proposed test year cost of capital, rate base, and expenses, except that it shall include: (1) a rate of return on common equity for the utility equal to that authorized by the commission in the utility's most recent rate proceeding; (2) rate base or expense items the same in nature and kind as those allowed by a currently effective order of the commission in the utility's most recent rate proceeding; and (3) no change in the existing rate design. In the case of a utility which has not been subject to a prior commission determination, the commission shall base the interim rate schedule on its most recent determination concerning a similar utility.

If, at the time of its final determination, the commission finds that the interim rates are in excess of the rates in the final determination, the commission shall order the utility to refund the excess amount collected under the interim rate schedule, including interest on it which shall be at the rate of interest determined by the commission. The utility shall commence distribution of the refund to its customers within 120 days of the final order, not subject to rehearing or appeal. If, at the time of its final determination, the commission finds that the interim rates are less than the rates in the final determination, the commission shall prescribe a method by which the utility will recover the difference in revenues ~~from between~~ the date of the final determination ~~to~~ and the date the new rate schedules are put into effect. In addition, when an extension is granted for settlement discussions under subdivision 1a, the commission shall allow the utility to also recover the difference in revenues for a length of time equal to the length of the extension.

If the public utility fails to make refunds within the period of time prescribed by the commission, the commission shall sue therefor and may recover on behalf of all persons entitled to a refund. In addition to the amount of the refund and interest due, the commission shall be entitled to recover reasonable attorney's fees, court costs and estimated cost of administering the distribution of the refund to persons entitled to it. No suit under this subdivision shall be maintained unless instituted within two years after the end of the period of time prescribed by the commission for repayment of refunds. The commission shall not order an interim rate schedule in a general rate case into effect as provided by this subdivision until at least four months after it has made a final determination concerning any previously filed change of the rate schedule or the change has otherwise become effective under subdivision 2, unless:

(1) the commission finds that a four month delay would unreasonably burden the utility, its customers, or its shareholders and that an earlier imposition of interim rates is therefore necessary; or

(2) the utility files a second general rate case at least 12 months after it has filed a previous general rate case for which the commission has extended the suspension period under subdivision 2.

Sec. 8. Minnesota Statutes 1992, section 216B.2421, subdivision 2, is amended to read:

Subd. 2. [LARGE ENERGY FACILITY.] "Large energy facility" means:

(a) any electric power generating plant or combination of plants at a single site with a combined capacity of 80,000 kilowatts or more, or any facility of ~~5,000~~ 50,000 kilowatts or more which requires oil, natural gas, or natural gas liquids as a fuel and for which an installation permit has not been applied for by May 19, 1977 pursuant to Minn. Reg. APC 3(a);

(b) any high voltage transmission line with a capacity of 200 kilovolts or more and with more than 50 miles of its length in Minnesota; or, any high voltage transmission line with a capacity of 300 kilovolts or more with more than 25 miles of its length in Minnesota;

(c) any pipeline greater than six inches in diameter and having more than 50 miles of its length in Minnesota used for the transportation of coal, crude petroleum or petroleum fuels or oil or their derivatives;

(d) any pipeline for transporting natural or synthetic gas at pressures in excess of 200 pounds per square inch with more than 50 miles of its length in Minnesota;

(e) any facility designed for or capable of storing on a single site more than 100,000 gallons of liquefied natural gas or synthetic gas;

(f) any underground gas storage facility requiring permit pursuant to section 103I.681;

(g) any nuclear fuel processing or nuclear waste storage or disposal facility; and

(h) any facility intended to convert any material into any other combustible fuel and having the capacity to process in excess of 75 tons of the material per hour.

Sec. 9. Minnesota Statutes 1992, section 216B.2421, is amended by adding a subdivision to read:

Subd. 3. [MULTIFUEL FACILITIES; PRIMARY FUEL SOURCE.] If more than one fuel source would be used for any electric power generating plant or combination of plants at a single site, the primary fuel source determines whether the facility is a large energy facility.

Sec. 10. Minnesota Statutes 1992, section 216B.43, is amended to read:

216B.43 [HEARINGS; COMPLAINTS.]

Upon the filing of an application under section 216B.42 or upon complaint by an affected utility that the provisions of sections 216B.39 to 216B.42 have been violated, the commission shall hold a hearing, upon notice, within ~~15~~ 30 days after the filing of the ~~application of~~ complaint, and shall render its decision within 30 days after ~~said~~ the hearing.

Sec. 11. Minnesota Statutes 1992, section 216B.48, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION OF AFFILIATED INTERESTS.] "Affiliated interests" with a public utility means the following:

(a) Every corporation and person owning or holding directly or indirectly five percent or more of the voting securities of such public utility.

(b) Every corporation and person in any chain of successive ownership of five percent or more of voting securities.

(c) Every corporation five percent or more of whose voting securities is owned by any person or corporation owning five percent or more of the voting securities of such public utility or by any person or corporation in any such chain of successive ownership of five percent or more of voting securities.

(d) Every person who is an officer or director of such public utility or of any corporation in any chain of successive ownership of five percent or more of voting securities.

(e) Every corporation operating a public utility or a servicing organization for furnishing supervisory, construction, engineering, accounting, legal and similar services to utilities, which has one or more officers or one or more directors in common with the public utility, and every other corporation which has directors in common with the public utility where the number of the directors is more than one-third of the total number of the utility's directors.

(f) Every corporation or person which the commission may determine as a matter of fact after investigation and hearing is actually exercising any substantial influence over the policies and actions of the public utility even though the influence is not based upon stockholding, stockholders, directors or officers to the extent specified in this section.

(g) Every person or corporation who or which the commission may determine as a matter of fact after investigation and hearing is actually exercising substantial influence over the policies and actions of the public utility in conjunction with one or more other corporations or persons with which or whom they are related by ownership or blood relationship or by action in concert that together they are affiliated with such public utility within the meaning of this section even though no one of them alone is so affiliated.

(h) Every subsidiary of a public utility.

(i) Every part of a corporation in which an operating division is a public utility.

Sec. 12. Minnesota Statutes 1992, section 216B.48, subdivision 3, is amended to read:

Subd. 3. [CONTRACTS.] No contract or arrangement, including any general or continuing arrangement, providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial or similar services, and no contract or arrangement for the purchase, sale, lease or exchange of any property, right, or thing, or for the furnishing of any service, property, right, or thing, other than those above enumerated, made or entered into after January 1, 1975 between a public utility and any affiliated interest as defined in ~~Laws 1974, chapter 429~~ subdivision 1, clauses (a) to (h), or any arrangement between a public utility and an affiliated interest as defined in subdivision 1, clause (i), made or entered into after August 1, 1993, shall be is valid or effective unless and until the contract or arrangement has received the written approval of the commission. Regular recurring transactions under a general or continuing arrangement that has been approved by the commission are valid if they are conducted in accordance with the approved terms and conditions. It shall be the duty of Every public utility to ~~shall~~ file with the commission a verified copy of the contract or arrangement, or a verified summary of the unwritten contract or arrangement, and also of all the contracts and arrangements, whether written or unwritten, entered into prior to January 1, 1975, or, for the purposes of subdivision 1, clause (i), prior to August 1, 1993, and in force and effect at that time. The commission shall approve the contract or arrangement made or entered into after that date only if it shall

clearly ~~appear~~ appears and ~~be is~~ established upon investigation that it is reasonable and consistent with the public interest. No contract or arrangement ~~shall may~~ receive the commission's approval unless satisfactory proof is submitted to the commission of the cost to the affiliated interest of rendering the services or of furnishing the property or service ~~described herein~~ to each public utility. ~~No Proof shall be is~~ satisfactory within the meaning of the foregoing sentence unless only if it includes the original or verified copies of the relevant cost records and other relevant accounts of the affiliated interest, or an abstract or summary as the commission may deem adequate, properly identified and duly authenticated, provided, however, that the commission may, where reasonable, approve or disapprove the contracts or arrangements without the submission of cost records or accounts. The burden of proof to establish the reasonableness of the contract or arrangement ~~shall be is~~ on the public utility.

Sec. 13. Minnesota Statutes 1992, section 216B.48, subdivision 4, is amended to read:

Subd. 4. ~~[CONTRACTS WITH CONSIDERATION LESS THAN \$10,000 NOT EXCEEDING \$50,000.]~~ The provisions of this section requiring the written approval of the commission shall not apply to transactions with affiliated interests where the amount of consideration involved is not in excess of ~~\$10,000~~ \$50,000 or five percent of the capital equity of the utility whichever is smaller; provided, however, that regularly recurring payments under a general or continuing arrangement which aggregate a greater annual amount shall not be broken down into a series of transactions to come within the aforesaid exemption. Such transactions shall be valid or effective without commission approval under this section. However, in any proceeding involving the rates or practices of the public utility, the commission may exclude from the accounts of such public utility any payment or compensation made pursuant to the transaction unless the public utility shall establish the reasonableness of the payment or compensation.

Sec. 14. Minnesota Statutes 1992, section 216C.17, subdivision 3, is amended to read:

Subd. 3. ~~[DUPLICATION.]~~ The commissioner shall, to the maximum extent feasible, provide that forecasts required under this section be consistent with material required by other state and federal agencies in order to prevent unnecessary duplication. Public electric utilities submitting advance forecasts containing all information specified in section 116C.54, subdivision 1, as part of an integrated resource plan filed pursuant to public utilities commission rules shall be excluded from the annual reporting requirement in subdivision 2.

Sec. 15. Minnesota Statutes 1992, section 216C.37, subdivision 1, is amended to read:

Subdivision 1. ~~[DEFINITIONS.]~~ In this section:

(a) "Commissioner" means the commissioner of public service. ~~Upon passage of legislation creating a body known as the Minnesota public facilities authority, the duties assigned to the commissioner in this section are delegated to the authority.~~

(b) "Maxi-audit" means a detailed engineering analysis of energy-saving improvements to existing buildings or stationary energy-using systems, including (1) modifications to building structures; (2) heating, ventilating, and air conditioning systems; (3) operation practices; (4) lighting; and (5) other factors that relate to energy use. The primary purpose of the engineering analysis is to quantify the economic and engineering feasibility of energy-saving improvements that require capital expenditures or major operational modifications.

(c) "Energy conservation investments" ~~mean~~ means all capital expenditures that are associated with conservation measures identified in a maxi-audit or energy project study, and that have a ten-year or less payback period. ~~Public school districts that received a federal institutional building grant in 1984 to convert a heating system to wood, and that apply for an energy conservation investment loan to match a federal grant for wood conversion, shall be allowed to calculate payback of conservation measures based on the costs of the traditional fuel in use prior to the wood conversion.~~

(d) "Municipality" means any county, statutory or home rule charter city, town, school district, or any combination of those units operating under an agreement to jointly undertake projects authorized in this section.

(e) "Energy project study" means a study of one or more energy-related capital improvement projects analyzed in sufficient detail to support a financing application. At a minimum, it must include one year of energy consumption and cost data, a description of existing conditions, a description of proposed conditions, a detailed description of the costs of the project, and calculations sufficient to document the proposed energy savings.

Sec. 16. Minnesota Statutes 1992, section 299F.011, subdivision 4c, is amended to read:

Subd. 4c. [EXIT SIGN ILLUMINATION.] For a new building on which construction is begun on or after October 1, 1993, or an existing building on which remodeling affecting 50 percent or more of the enclosed space is begun on or after October 1, 1993, the uniform fire code must prohibit the use of internally illuminated exit signs whose electrical consumption during nonemergency operation exceeds 20 watts of resistive power ~~with a maximum total power consumption of 40 volt amperes (VA).~~ All other requirements in the code for exit signs must be complied with. ~~Power consumption in volt amperes is the resistive power divided by the power factor.~~

Sec. 17. Minnesota Statutes 1992, section 446A.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The Minnesota public facilities authority consists of the commissioner of trade and economic development, the commissioner of finance, ~~the commissioner of public service,~~ the commissioner of the pollution control agency, and three additional members appointed by the governor from the general public with the advice and consent of the senate.

Sec. 18. Minnesota Statutes 1992, section 446A.10, subdivision 2, is amended to read:

Subd. 2. [OTHER RESPONSIBILITIES.] (a) The responsibilities for the health care equipment loan program under Minnesota Statutes 1986, section 116M.07, subdivisions 7a, 7b, and 7c; ~~the public school energy conservation loan program under section 216C.37; and the district heating and qualified energy improvement loan program under section 216C.36,~~ are transferred from the Minnesota energy and economic development authority to the Minnesota public facilities authority. ~~The commissioner of public service shall continue to administer the municipal energy grant and loan programs under section 216C.36 and the school energy loan program under section 216C.37 until the commissioner of trade and economic development has adopted rules to implement the financial administration of the programs as provided under sections 216C.36, subdivisions 2, 3b, 3c, 8, 8a, and 11, and 216C.37, subdivisions 1 and 8.~~

(b) Except as otherwise provided in this paragraph, section 15.039 applies to the transfer of responsibilities. The transfer includes 8-1/2 positions from the financial management division of the department of trade and economic development to the community development division of the department of trade and economic development. ~~The commissioner of trade and economic development and the commissioner of public service shall determine which classified and unclassified positions associated with the responsibilities of the grant and loan programs under section 216C.36 and the school energy loan program under section 216C.37 are transferred to the commissioner of public service and which positions are transferred to the commissioner of trade and economic development in order to carry out the purposes of Laws 1987, chapter 386, article 3.~~

Sec. 19. Minnesota Statutes 1992, section 465.74, subdivision 1, is amended to read:

Subdivision 1. [CITIES OF THE FIRST CLASS.] Any city operating or authorized to operate a public utility pursuant to chapter 452 or its charter is authorized to acquire, construct, own, and operate a municipal district heating system pursuant to the provisions of that chapter or its charter. Acquisition or construction of a municipal district heating system shall not be subject to the election requirement of sections 452.11 and 452.12, or city charter provision, but must be approved by a three-fifths vote of the city's council or other governing body. Loans obtained by a municipality pursuant to Minnesota Statutes 1992, section 216C.36 are not subject to the limitations on the amount of money which may be borrowed upon a pledge of the city's full faith and credit or the election requirements for general obligation borrowing, contained in section 452.08.

Sec. 20. Minnesota Statutes 1992, section 465.74, subdivision 4, is amended to read:

Subd. 4. [NET DEBT LIMITS.] The loan obligations or debt incurred by a political subdivision pursuant to ~~section 216C.36 or 475.525, or Minnesota Statutes 1992, section 216C.36,~~ shall not be considered as a part of its indebtedness under the provisions of its governing charter or of any law of this state fixing a limit of indebtedness.

Sec. 21. Minnesota Statutes 1992, section 465.74, subdivision 6, is amended to read:

Subd. 6. [DEFINITION.] For the purposes of this section, and chapters 474 and 475, "district heating system" means any existing or proposed facility for (1) the production, through cogeneration or otherwise, of hot water or steam to be used for district heating, or (2) the transmission and distribution of hot water or steam for district heating either directly to heating consumers or to another facility or facilities for transmission and distribution, or (3) any part or combination of the foregoing facilities.

In keeping with the public purpose of ~~section 216C.36, subdivision 1~~, to encourage state and local leadership and aid in providing available and economical district heating service, the definition of "district heating system" under this section should be broadly construed to allow municipal government sufficient flexibility and authority to evaluate and undertake such policies and projects as will most efficiently and economically encourage local expansion of district heating service.

Sec. 22. Laws 1981, chapter 354, section 4, is amended to read:

Sec. 4. [~~HERMANTOWN, PROCTOR, RICE LAKE, AND DULUTH; WATER SERVICE.~~]

Subdivision 1. [DEFINITION.] For the purposes of this section, "local government unit or units" means the cities of Hermantown and Proctor and the town of Rice Lake.

Subd. 2. [REQUEST FOR SERVICE.] ~~By September 1, 1981, the city of Hermantown~~ A local government unit shall submit to the city of Duluth a request for water service including the volume of water needed and the number of years for which the service is requested.

Subd. 2. 3. [CONTRACT OFFER; RATE.] ~~By April 1, 1982, The city of Duluth shall offer a contract to the city of Hermantown a local government unit to provide the service requested by the city of Hermantown local government unit at a rate determined by the city of Duluth. The rate shall be based on a reasonable allocation of the capital, repair and operating expenses of the Duluth water system which are attributable to the water service requested by the city of Hermantown local government unit, including the full cost of any capital construction and repairs required by the volume of service to the city of Hermantown local government unit. The rate for each local government unit shall provide for an amortization of any construction costs reflected in the rate over a reasonable period not to exceed the terms of the proposed contract.~~

Subd. 3. 4. [APPEAL TO PUBLIC UTILITIES COMMISSION.] ~~Not later than 90 days after the city of Duluth offers a contract under subdivision 2 3, the city of Hermantown a local government unit may appeal the rate determined by the city of Duluth by filing a petition with the public utilities commission. If a petition is filed, the city shall file its answer within 30 days after the petition is filed. The commission, after public notice and hearing, shall determine whether the rate is just and reasonable consistent with the provisions of subdivision 2 3. Not later than 120 days after a petition of the city of Hermantown is filed, the commission shall affirm the rate or, if it finds that the rate is not just and reasonable, determine a just and reasonable rate. The rulemaking and contested case procedures of sections 15.0412 14.05 to 15.0422 14.62 shall not apply to any proceeding required by this subdivision.~~

Subd. 4. 5. [CONTRACT.] ~~Not later than 90 days after the rate is affirmed or determined by the commission or, if no appeal is taken under subdivision 3 4, not later than 90 days after a contract is offered under subdivision 2 3, the cities of Hermantown a local government unit and Duluth shall enter a contract for provision of water service by the city of Duluth to the city of Hermantown local government unit. The rate for the service shall be the rate determined by the city of Duluth pursuant to subdivision 2 3 or, if the commission has affirmed or determined a rate, the rate affirmed or determined by the commission.~~

Sec. 23. [VENTILATION STANDARDS REPORT.]

The department of administration, building code division, shall in consultation with the department of public service develop recommended ventilation standards for single family homes to include mechanical ventilation or other types of ventilation standards and report the proposed standards to the legislature by January 15, 1994.

Sec. 24. [REPEALER.]

Minnesota Statutes 1992, section 216C.36, is repealed.

Minnesota Rules, parts 7665.0200; 7665.0210; 7665.0220; 7665.0230; 7665.0240; 7665.0250; 7665.0300; 7665.0310; 7665.0320; 7665.0330; 7665.0340; 7665.0350; 7665.0360; 7665.0370; and 7665.0380, are repealed.

Sec. 25. [EFFECTIVE DATE.]

Sections 1 and 15 are effective the day following final enactment.

Under Minnesota Statutes 1992, section 645.023, subdivision 1, clause (a), section 22 is effective without local approval on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to utilities; setting requirements for exit sign illumination for new buildings; eliminating advance forecast requirements for public electric utilities submitting advance forecasts in an integrated resource plan; requiring cooperative electric associations and municipal utilities to comply with standards set by public utilities commission relating to electrical current or voltage; allowing extension of utility rate hearings in certain cases; eliminating district heating loan program; setting conditions for certain utility contracts; regulating the provision of water service to communities near Duluth; making technical changes; amending Minnesota Statutes 1992, sections 16B.61, subdivision 3; 116C.54; 216B.09; 216B.16, subdivisions 1, 1a, 2, and 3; 216B.2421, subdivision 2 and by adding a subdivision; 216B.43; 216B.48, subdivisions 1, 3, and 4; 216C.17, subdivision 3; 216C.37, subdivision 1; 299F.011, subdivision 4c; 446A.03, subdivision 1; 446A.10, subdivision 2; and 465.74, subdivisions 1, 4, and 6; Laws 1981, chapter 354, section 4; repealing Minnesota Statutes 1992, section 216C.36; Minnesota Rules, parts 7665.0200; 7665.0210; 7665.0220; 7665.0230; 7665.0240; 7665.0250; 7665.0300; 7665.0310; 7665.0320; 7665.0330; 7665.0340; 7665.0350; 7665.0360; 7665.0370; and 7665.0380."

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

Senate Conferees: STEVEN G. NOVAK, JANET B. JOHNSON AND ELLEN R. ANDERSON.

House Conferees: JOEL JACOBS, LOREN JENNINGS AND DAVE GRUENES.

Jacobs moved that the report of the Conference Committee on S. F. No. 1437 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1437, A bill for an act relating to utilities; requiring cooperative electric associations and municipal utilities to comply with standards set by public utilities commission relating to electrical current or voltage; regulating public utility commission procedures and filings; regulating affiliated interests of public utilities; providing for interim rates; providing that primary fuel source determines whether power generating plant is a large energy facility for purposes of certificate of need process; amending Minnesota Statutes 1992, sections 216B.09; 216B.16, subdivisions 1, 1a, 2, and 3; 216B.2421, subdivision 2, and by adding a subdivision; 216B.43; and 216B.48, subdivisions 1 and 4.

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

Those who voted in the negative were:

Krinkie

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

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:
S. F. No. 869.

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. 869

A bill for an act relating to natural resources; providing for the prevention and suppression of wildfires; providing penalties; amending Minnesota Statutes 1992, sections 88.01, subdivisions 2, 6, 8, 15, 23, and by adding subdivisions; 88.02; 88.03; 88.04; 88.041; 88.05; 88.06; 88.065; 88.067; 88.08; 88.09, subdivision 2; 88.10; 88.11, subdivision 2; 88.12; 88.14; 88.15; 88.16; 88.17, subdivision 1, and by adding a subdivision; 88.18; and 88.22; proposing coding for new law in Minnesota Statutes, chapter 88; repealing Minnesota Statutes 1992, sections 88.17, subdivision 2; and 88.19; and Laws 1992, chapter 556, sections 10 and 11.

May 15, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 869, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment and that the amendment (H1152-1) to S. F. No. 869 be further amended as follows:

Page 7, line 35, strike "township"

Page 18, line 3, after "[GARBAGE.]" insert "(a)"

Page 18, after line 7, insert:

"(b) A county may allow a resident to conduct open burning of material described in paragraph (a) that is generated from the resident's household if the county board by resolution determines that regularly scheduled pickup of the material is not reasonably available to the resident."

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

Senate Conferees: BOB LESSARD, FLORIAN CHMIELEWSKI AND DENNIS R. FREDERICKSON.

House Conferees: DENNIS OZMENT, BOB JOHNSON AND KRIS HASSKAMP.

Ozment moved that the report of the Conference Committee on S. F. No. 869 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 869, A bill for an act relating to natural resources; providing for the prevention and suppression of wildfires; providing penalties; amending Minnesota Statutes 1992, sections 88.01, subdivisions 2, 6, 8, 15, 23, and by adding subdivisions; 88.02; 88.03; 88.04; 88.041; 88.05; 88.06; 88.065; 88.067; 88.08; 88.09, subdivision 2; 88.10; 88.11, subdivision 2; 88.12; 88.14; 88.15; 88.16; 88.17, subdivision 1, and by adding a subdivision; 88.18; and 88.22; proposing coding for new law in Minnesota Statutes, chapter 88; repealing Minnesota Statutes 1992, sections 88.17, subdivision 2; and 88.19; and Laws 1992, chapter 556, sections 10 and 11.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 429, A bill for an act relating to alcoholic beverages; reciprocity in interstate transportation of wine; changing definitions of licensed premises, restaurant, and wine; authorizing an investigation fee on denied licenses; disqualifying felons from licensing; revising authority for suspensions and civil penalties; making rule violations and false or incomplete statements in license applications misdemeanors; providing instructions to the revisor; penalties for importation of excess quantities; proof of age for purchase or consumption; opportunity for a hearing for license revocation or suspension; prohibiting certain transactions; authorizing the dispensing of intoxicating liquor at the Como Park lakeside pavilion; authorizing dispensing of liquor by an on-sale licensee at the National Sports Center in Blaine; authorizing the city of Apple Valley to issue on-sale licenses on zoological gardens property and to allow an on-sale license to dispense liquor on county-owned property within the city; authorizing Houston county to issue an on-sale intoxicating liquor license to establishments in Crooked Creek and Brownsville townships; authorizing the town of Schroeder in Cook county to issue an off-sale license to an exclusive liquor store; authorizing an on-sale liquor license in Dalbo township of Isanti county; authorizing Stillwater to issue an additional on-sale intoxicating liquor license to a hotel in the city; authorizing Aitkin county to issue one off-sale liquor license to a premises located in Farm Island township; authorizing Pine county to issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township; amending Minnesota Statutes 1992, sections 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.308; 340A.402; 340A.415; 340A.503, subdivision 6; 340A.703; and 340A.904, subdivision 1; Laws 1983, chapter 259, section 8; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapters 297C; and 340A; repealing Minnesota Statutes 1992, section 340A.903.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Solon, Metzen and Belanger.

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

Jacobs 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. 429. The motion prevailed.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1042

A bill for an act relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties; amending Minnesota Statutes 1992, sections 136A.121, subdivision 2; 214.101, subdivision 1; 256.87, subdivisions 1, 1a, 3, and 5; 256.978; 256.979, by adding subdivisions; 256.9791, subdivisions 3 and 4; 257.66, subdivision 3; 257.67, subdivision 3; 349A.08, subdivision 8; 518.14; 518.171, subdivisions 1, 2, 3, 4, 6, 7, 8, 10, and by adding a subdivision; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 5, 5b, 7, 10, 12, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.613, subdivision 1; 518.64, subdivisions 1, 2, 5, and 6; 519.11; 548.09, subdivision 1; 548.091, subdivisions 1a and 3a; 588.20; 595.02, subdivision 1; and 609.375, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 518; repealing Minnesota Statutes 1992, sections 256.979; and 609.37.

May 14, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1042, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1042 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 136A.121, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY FOR GRANTS.] An applicant is eligible to be considered for a grant, regardless of the applicant's sex, creed, race, color, national origin, or ancestry, under sections 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 college of choice as defined in sections 136A.095 to 136A.131;

(3) has met the financial need criteria established in Minnesota Rules;

(4) is not in default, as defined by the board, of any federal or state student educational loan; and

(5) is not more than 30 days in arrears for any child support payments owed to a public agency responsible for child support enforcement or, if the applicant is more than 30 days in arrears, is complying with a written payment plan agreement or order for arrearages. An agreement must provide for a repayment of arrearages at no less than 20 percent per month of the amount of the monthly child support obligation or no less than \$30 per month if there is no current monthly child support obligation. Compliance means that payments are made by the payment date.

The director and the commissioner of human services shall develop procedures to implement clause (5).

Sec. 2. Minnesota Statutes 1992, section 214.101, subdivision 1, is amended to read:

Subdivision 1. [COURT ORDER; HEARING ON SUSPENSION.] (a) For purposes of this section, "licensing board" means a licensing board or other state agency that issues an occupational license.

(b) If a licensing board receives an order from a court under section 518.551, subdivision 12, dealing with suspension of a license of a person found by the court to be in arrears in child support payments, the board shall, within 30 days of receipt of the court order, provide notice to the licensee and hold a hearing. If the board finds that the person is licensed by the board and evidence of full payment of arrearages found to be due by the court is not presented at the hearing, the board shall suspend the license unless it determines that probation is appropriate under subdivision 2. The only issues to be determined by the board are whether the person named in the court order is a licensee, whether the arrearages have been paid, and whether suspension or probation is appropriate. The board may not consider evidence with respect to the appropriateness of the court order or the ability of the person to comply with the order. The board may not lift the suspension until the licensee files with the board proof showing that the licensee is current in child support payments.

Sec. 3. Minnesota Statutes 1992, section 256.87, subdivision 1, is amended to read:

Subdivision 1. [ACTIONS AGAINST PARENTS FOR ASSISTANCE FURNISHED.] A parent of a child is liable for the amount of assistance furnished under sections 256.031 to 256.0361, 256.72 to 256.87, or under Title IV-E of the Social Security Act or medical assistance under chapter 256, 256B, or 256D to and for the benefit of the child, including any assistance furnished for the benefit of the caretaker of the child, which the parent has had the ability to pay. Ability to pay must be determined according to chapter 518. The parent's liability is limited to ~~the amount of assistance furnished during~~ the two years immediately preceding the commencement of the action, except that where child support has been previously ordered, the state or county agency providing the assistance, as assignee of the obligee, shall be entitled to judgments for child support payments accruing within ten years preceding the date of the commencement of the action up to the full amount of assistance furnished. The action may be ordered by the state agency or county agency and shall be brought in the name of the county by the county attorney of the county in which the assistance was granted, or by the state agency against the parent for the recovery of the amount of assistance granted, together with the costs and disbursements of the action.

Sec. 4. Minnesota Statutes 1992, section 256.87, subdivision 1a, is amended to read:

Subd. 1a. [CONTINUING SUPPORT CONTRIBUTIONS.] In addition to granting the county or state agency a money judgment, the court may, upon a motion or order to show cause, order continuing support contributions by a parent found able to reimburse the county or state agency. The order shall be effective for the period of time during which the recipient receives public assistance from any county or state agency ~~and for five months thereafter~~. The order shall require support according to chapter 518. An order for continuing contributions is reinstated without further hearing upon notice to the parent by any county or state agency that assistance is again being provided for the child of the parent under sections 256.031 to 256.0361, 256.72 to 256.87, or under Title IV-E of the Social Security Act or medical assistance under chapter 256, 256B, or 256D. The notice shall be in writing and shall indicate that the parent may request a hearing for modification of the amount of support or maintenance.

Sec. 5. Minnesota Statutes 1992, section 256.87, subdivision 3, is amended to read:

Subd. 3. [CONTINUING CONTRIBUTIONS TO FORMER RECIPIENT.] The order for continuing support contributions shall remain in effect following the ~~five-month~~ period after public assistance granted under sections 256.72 to 256.87 is terminated ~~if~~:

~~(a) the former recipient files an affidavit with the court within five months of the termination of assistance requesting that the support order remain in effect;~~

~~(b) the public authority serves written notice of the filing by mail on the parent responsible for making the support payments at that parent's last known address and notice that the parent may move the court under section 518.64 to modify the order respecting the amount of support or maintenance; and~~

~~(c) unless the former recipient authorizes use of the public authority's collection services files an affidavit with the court requesting termination of the order.~~

Sec. 6. Minnesota Statutes 1992, section 256.87, subdivision 5, is amended to read:

Subd. 5. [CHILD NOT RECEIVING ASSISTANCE.] A parent person or entity having physical and legal custody of a dependent child not receiving assistance under sections 256.72 to 256.87 has a cause of action for child support against the child's absent ~~parent~~ parents. Upon an order to show cause and a motion served on the absent parent, the court shall order child support payments from the absent parent under chapter 518.

Sec. 7. Minnesota Statutes 1992, section 256.978, is amended to read:

256.978 [LOCATION OF PARENTS DESERTING THEIR CHILDREN, ACCESS TO RECORDS.]

Subdivision 1. [REQUEST FOR INFORMATION.] The commissioner of human services, in order to carry out the ~~child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children~~ locate a person to establish paternity, child support, or to enforce a child support obligation in arrears, may request information reasonably necessary to the inquiry from the records of all departments, boards, bureaus, or other agencies of this state, which shall, notwithstanding the provisions of section 268.12, subdivision 12, or any other law to the contrary, provide the information necessary for this purpose. Employers ~~and~~ utility companies, insurance companies, financial institutions, and labor associations doing business in this state shall provide information as provided under subdivision 2 upon written request by an agency responsible for child support enforcement regarding individuals owing or allegedly owing a duty to support. ~~A request for this information may be made to an employer when there is reasonable cause to believe that the subject of the inquiry is or was employed by the employer where the request is made. The request must include a statement that reasonable cause exists. Information to be released by utility companies is restricted to place of residence. Information to be released by employers is restricted to place of residence, employment status, and wage information. Information relative to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of support may be requested and used or transmitted by the commissioner pursuant to the authority conferred by this section. The commissioner of human services may make such information be made available only to public officials and agencies of this state and its political subdivisions and other states of the union and their political subdivisions who are seeking to enforce the support liability of parents or to locate parents who have, or appear to have, deserted their children. Any person who, pursuant to this section, obtains information from the department of revenue the confidentiality of which is protected by law shall not divulge the information except to the extent necessary for the administration of~~ The commissioner may not release the information to an agency or political subdivision of another state unless the agency or political subdivision is directed to maintain the data consistent with its classification in this state. Information obtained under this section may not be released except to the extent necessary for the administration of the child support enforcement program or when otherwise authorized by law.

Subd. 2. [ACCESS TO INFORMATION.] (a) A written request for information by the public authority responsible for child support may be made to:

(1) employers when there is reasonable cause to believe that the subject of the inquiry is or was an employee of the employer. Information to be released by employers is limited to place of residence, employment status, wage information, and social security number;

(2) utility companies when there is reasonable cause to believe that the subject of the inquiry is or was a retail customer of the utility company. Customer information to be released by utility companies is limited to place of residence, home telephone, work telephone, source of income, employer and place of employment, and social security number;

(3) insurance companies when there is an arrearage of child support and there is reasonable cause to believe that the subject of the inquiry is or was receiving funds either in the form of a lump sum or periodic payments. Information to be released by insurance companies is limited to place of residence, home telephone, work telephone, employer, and amounts and type of payments made to the subject of the inquiry;

(4) labor organizations when there is reasonable cause to believe that the subject of the inquiry is or was a member of the labor association. Information to be released by labor associations is limited to place of residence, home telephone, work telephone, and current and past employment information; and

(5) financial institutions when there is an arrearage of child support and there is reasonable cause to believe that the subject of the inquiry has or has had accounts, stocks, loans, certificates of deposits, treasury bills, life insurance policies, or other forms of financial dealings with the institution. Information to be released by the financial institution is limited to place of residence, home telephone, work telephone, identifying information on the type of financial relationships, current value of financial relationships, and current indebtedness of the subject with the financial institution.

(b) For purposes of this subdivision, utility companies include companies that provide electrical, telephone, natural gas, propane gas, oil, coal, or cable television services to retail customers. The term financial institution includes banks, savings and loans, credit unions, brokerage firms, mortgage companies, and insurance companies.

Subd. 3. [IMMUNITY.] A person who releases information to the public authority as authorized under this section is immune from liability for release of the information.

Sec. 8. Minnesota Statutes 1992, section 256.979, is amended by adding a subdivision to read:

Subd. 5. [PATERNITY ESTABLISHMENT AND CHILD SUPPORT ORDER MODIFICATION BONUS INCENTIVES.] (a) A bonus incentive program is created to increase the number of paternity establishments and modifications of child support orders done by county child support enforcement agencies.

(b) A bonus must be awarded to a county child support agency for each child for which the agency completes a paternity establishment through judicial, administrative, or expedited processes and for each instance in which the agency reviews a case for a modification of the child support order.

(c) The rate of bonus incentive is \$100 for each paternity establishment and \$50 for each review for modification of a child support order.

Sec. 9. Minnesota Statutes 1992, section 256.979, is amended by adding a subdivision to read:

Subd. 6. [CLAIMS FOR BONUS INCENTIVE.] (a) The commissioner of human services and the county agency shall develop procedures for the claims process and criteria using automated systems where possible.

(b) Only one county agency may receive a bonus per paternity establishment or child support order modification. The county agency making the initial preparations for the case resulting in the establishment of paternity or modification of an order is the county agency entitled to claim the bonus incentive, even if the case is transferred to another county agency prior to the time the order is established or modified.

(c) Disputed claims must be submitted to the commissioner of human services and the commissioner's decision is final.

(d) For purposes of this section, "case" means a family unit for whom the county agency is providing child support enforcement services.

Sec. 10. Minnesota Statutes 1992, section 256.979, is amended by adding a subdivision to read:

Subd. 7. [DISTRIBUTION.] (a) Bonus incentives must be issued to the county agency quarterly, within 45 days after the last day of each quarter for which a bonus incentive is being claimed, and must be paid in the order in which claims are received.

(b) Bonus incentive funds under this section must be reinvested in the county child support enforcement program and a county may not reduce funding of the child support enforcement program by the amount of the bonus earned.

(c) The county agency shall repay any bonus erroneously issued.

(d) A county agency shall maintain a record of bonus incentives claimed and received for each quarter.

Sec. 11. Minnesota Statutes 1992, section 256.979, is amended by adding a subdivision to read:

Subd. 8. [MEDICAL PROVIDER REIMBURSEMENT.] (a) A fee to the providers of medical services is created for the purpose of increasing the numbers of signed and notarized recognition of parentage forms completed in the medical setting.

(b) A fee of \$25 shall be paid to each medical provider for each properly completed recognition of parentage form sent to the department of vital statistics.

(c) The office of vital statistics shall make the bonus payment of \$25 to each medical provider and notify the department of human services quarterly of the numbers of completed forms received and the amounts paid.

(d) The department of human services shall remit quarterly to the office of vital statistics the sums paid to each medical provider for the number of signed recognition of parentage forms completed by that medical provider and sent to the office of vital statistics.

(e) The commissioners of the department of human services and the department of health shall develop procedures for the implementation of this provision.

(f) Payments will be made to the medical provider within the limit of available appropriations.

Sec. 12. Minnesota Statutes 1992, section 256.9791, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY; REPORTING REQUIREMENTS.] (a) In order for a county to be eligible to claim a bonus incentive payment, the county agency must report to the commissioner, no later than August 1 of each fiscal year, provide the required information for each public assistance case no later than June 30 of each year to determine eligibility. The public authority shall use the information to establish for each county the number of cases as of June 30 of the preceding fiscal year in which (1) the court has established an obligation for coverage by the obligor, and (2) coverage was in effect as of June 30. The ratio resulting when the number of cases reported under (2) is divided by the number of cases reported under (1) shall be used to determine the amount of the bonus incentive according to subdivision 4.

(b) A county that fails to submit provide the required information by August 1 June 30 of each fiscal year is not eligible for any bonus payments under this section for that fiscal year.

Sec. 13. Minnesota Statutes 1992, section 256.9791, subdivision 4, is amended to read:

Subd. 4. [RATE OF BONUS INCENTIVE.] The rate of the bonus incentive shall be determined according to paragraphs paragraph (a) to (e).

(a) When a county agency has identified or enforced coverage in up to and including 50 percent of its cases, the county shall receive \$15 \$50 for each additional person for whom coverage is identified or enforced.

(b) When a county agency has identified or enforced coverage in more than 50 percent but less than 80 percent of its cases, the county shall receive \$20 for each person for whom coverage is identified or enforced.

(c) When a county agency has identified or enforced coverage in 80 percent or more of its cases, the county shall receive \$25 for each person for whom coverage is identified or enforced.

(d) Bonus payments according to paragraphs paragraph (a) to (c) are limited to one bonus for each covered person each time the county agency identifies or enforces previously unidentified health insurance coverage and apply only to coverage identified or enforced after July 1, 1990.

Sec. 14. [256.9792] [ARREARAGE COLLECTION PROJECTS.]

Subdivision 1. [ARREARAGE COLLECTIONS.] Arrearage collection projects are created to increase the revenue to the state and counties, reduce AFDC expenditures for former public assistance cases, and increase payments of arrearages to persons who are not receiving public assistance by submitting cases for arrearage collection to collection entities, including but not limited to, the department of revenue and private collection agencies.

Subd. 2. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section:

(b) "Public assistance arrearage case" means a case where current support may be due, no payment, with the exception of tax offset, has been made within the last 90 days, and the arrearages are assigned to the public agency pursuant to section 256.74, subdivision 5.

(c) "Public authority" means the public authority responsible for child support enforcement.

(d) "Nonpublic assistance arrearage case" means a support case where arrearages have accrued that have not been assigned pursuant to section 256.74, subdivision 5.

Subd. 3. [AGENCY PARTICIPATION.] (a) The collection remedy under this section is in addition to and not in substitution for any other remedy available by law to the public authority. The public authority remains responsible for the case even after collection efforts are referred to the department of revenue, a private agency, or other collection entity.

(b) The department of revenue, a private agency, or other collection entity may not claim collections made on a case submitted by the public authority for a state tax offset under chapter 270A as a collection for the purposes of this project.

Subd. 4. [ELIGIBLE CASES.] (a) For a case to be eligible for a collection project, the criteria in paragraphs (b) and (c) must be met. Any case from a county participating in the collections project meeting the criteria under this subdivision must be subcommitted for collection.

(b) Notice must be sent to the debtor, as defined in section 270A.03, subdivision 4, at the debtor's last known address at least 30 days before the date the collections effort is transferred. The notice must inform the debtor that the department of revenue or a private collections agency will use enforcement and collections remedies and may charge a fee of up to 30 percent of the arrearages. The notice must advise the debtor of the right to contest the debt on grounds limited to mistakes of fact. The debtor may contest the debt by submitting a written request for review to the public authority within 21 days of the date of the notice.

(c) The arrearages owed must be based on a court or administrative order. The arrearages to be collected must be at least \$100 and must be at least 90 days past due. For nonpublic assistance cases referred to private agencies, the arrearages must be a docketed judgment under sections 548.09 and 548.091.

Subd. 5. [COUNTY PARTICIPATION.] (a) The commissioner of human services shall designate the counties to participate in the projects, after requesting counties to volunteer for the projects.

(b) The commissioner of human services shall designate which counties shall submit cases to the department of revenue, a private collection agency, or other collection entity.

Subd. 6. [FEES.] A collection fee set by the commissioner of human services shall be charged to the person obligated to pay the arrearages. The collection fee is in addition to the amount owed, and must be deposited by the commissioner of revenue in the state treasury and credited to the general fund to cover the costs of administering the program or retained by the private agency or other collection entity to cover the costs of administering the collection services.

Subd. 7. [CONTRACTS.] (a) The commissioner of human services may contract with the commissioner of revenue, private agencies, or other collection entities to implement the projects, charge fees, and exchange necessary information.

(b) The commissioner of human services may provide an advance payment to the commissioner of revenue for collection services to be repaid to the department of human services out of subsequent collection fees.

(c) Summary reports of collections, fees, and other costs charged shall be submitted monthly to the state office of child support enforcement.

Subd. 8. [REMEDIES.] (a) The commissioner of revenue is authorized to use the tax collection remedies in sections 270.06, clause (7), 270.69 to 270.72, and 290.92, subdivision 23, and tax return information to collect arrearages.

(b) Liens arising under paragraph (a) shall be perfected under the provisions of section 270.69. The lien may be filed as long as the time period allowed by law for collecting the arrearages has not expired. The lien shall attach to all property of the debtor within the state, both real and personal under the provisions of section 270.69. The lien shall be enforced under the provisions in section 270.69 relating to state tax liens.

Sec. 15. Minnesota Statutes 1992, section 257.66, subdivision 3, is amended to read:

Subd. 3. [JUDGMENT; ORDER.] The judgment or order shall contain provisions concerning the duty of support, the custody of the child, the name of the child, visitation privileges with the child, the furnishing of bond or other security for the payment of the judgment, or any other matter in the best interest of the child. Custody and visitation and all subsequent motions related to them shall proceed and be determined under section 257.541. The remaining matters and all subsequent motions related to them shall proceed and be determined in accordance with chapter 518. The judgment or order may direct the appropriate party to pay all or a proportion of the reasonable expenses of the mother's pregnancy and confinement, after consideration of the relevant facts, including the relative financial means of the parents; the earning ability of each parent; and any health insurance policies held by either parent, or by a spouse or parent of the parent, which would provide benefits for the expenses incurred by the mother during her pregnancy and confinement. Remedies available for the collection and enforcement of child support apply to confinement costs and are considered additional child support.

Sec. 16. Minnesota Statutes 1992, section 257.67, subdivision 3, is amended to read:

Subd. 3. Willful failure to obey the judgment or order of the court is a civil contempt of the court. All remedies for the enforcement of judgments apply including those available under chapters 518 and 518C and sections 518C.01 to 518C.36 and 256.871 to 256.878.

Sec. 17. Minnesota Statutes 1992, section 349A.08, subdivision 8, is amended to read:

Subd. 8. [WITHHOLDING OF DELINQUENT STATE TAXES OR OTHER DEBTS.] The director shall report the name, address, and social security number of each winner of a lottery prize of ~~\$1,000~~ \$600 or more to the department of revenue to determine whether the person who has won the prize is delinquent in payment of state taxes or owes a debt as defined in section 270A.03, subdivision 5. If the person is delinquent in payment of state taxes or owes a debt as defined in section 270A.03, subdivision 5, the director shall withhold the delinquent amount from the person's prize for remittance to the department of revenue for payment of the delinquent taxes or distribution to a claimant agency in accordance with chapter 270A. Section 270A.10 applies to the priority of claims.

Sec. 18. Minnesota Statutes 1992, section 484.74, subdivision 1, as amended by Laws 1993, chapter 192, section 96, if enacted, is amended to read:

Subdivision 1. [AUTHORIZATION.] ~~Except for good cause shown,~~ In litigation involving an amount in excess of \$7,500 in controversy, the presiding judge ~~shall~~ may, by order, direct the parties to enter nonbinding alternative dispute resolution. Alternatives may include private trials, neutral expert fact-finding, mediation, minitrials, and other forms of alternative dispute resolution. The guidelines for the various alternatives must be established by the presiding judge and must emphasize early and inexpensive exchange of information and case evaluation in order to facilitate settlement.

Sec. 19. Minnesota Statutes 1992, section 484.76, subdivision 1, as amended by Laws 1993, chapter 192, section 97, if enacted, is amended to read:

Subdivision 1. [GENERAL.] The supreme court shall establish a statewide alternative dispute resolution program for the resolution of civil cases filed with the courts. The supreme court shall adopt rules governing practice, procedure, and jurisdiction for alternative dispute resolution programs established under this section. Except for matters involving family law the rules shall require the use of nonbinding alternative dispute resolution processes in all civil cases, except for good cause shown by the presiding judge, and must provide an equitable means for the payment of fees and expenses for the use of alternative dispute resolution processes.

Sec. 20. Minnesota Statutes 1992, section 518.14, is amended to read:

518.14 [COSTS AND DISBURSEMENTS AND ATTORNEY FEES.]

In a proceeding under this chapter, the court shall award attorney fees, costs, and disbursements in an amount necessary to enable a party to carry on or contest the proceeding, provided it finds:

(1) that the fees are necessary for the good-faith assertion of the party's rights in the proceeding and will not contribute unnecessarily to the length and expense of the proceeding;

(2) that the party from whom fees, costs, and disbursements are sought has the means to pay them; and

(3) that the party to whom fees, costs, and disbursements are awarded does not have the means to pay them.

Nothing in this section precludes the court from awarding, in its discretion, additional fees, costs, and disbursements against a party who unreasonably contributes to the length or expense of the proceeding. Fees, costs, and disbursements provided for in this section may be awarded at any point in the proceeding, including a modification proceeding under sections 518.18 and 518.64. The court may adjudge costs and disbursements against either party. The court may authorize the collection of money awarded by execution, or out of property sequestered, or in any other manner within the power of the court. An award of attorney's fees made by the court during the pendency of the proceeding or in the final judgment survives the proceeding and if not paid by the party directed to pay the same may be enforced as above provided or by a separate civil action brought in the attorney's own name. If the proceeding is dismissed or abandoned prior to determination and award of attorney's fees, the court may nevertheless award attorney's fees upon the attorney's motion. The award shall also survive the proceeding and may be enforced in the same manner as last above provided.

Sec. 21. Minnesota Statutes 1992, section 518.171, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] ~~Unless the obligee has comparable or better group dependent health insurance coverage available at a more reasonable cost,~~ (a) The court shall order the obligor party with the better group dependent health and dental insurance coverage to name the minor child as beneficiary on any health and dental insurance plan that is comparable to or better than a number two qualified plan and available to the obligor party on a group basis or through an employer or union. "Health insurance coverage" as used in this section does not include medical assistance provided under chapter 256, 256B, or 256D.

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

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

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

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

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

Sec. 22. Minnesota Statutes 1992, section 518.171, subdivision 2, is amended to read:

Subd. 2. [SPOUSAL OR EX-SPOUSAL COVERAGE.] The court shall require the obligor to provide dependent health and dental insurance for the benefit of the obligee if it is available at no additional cost to the obligor and in this case the provisions of this section apply.

Sec. 23. Minnesota Statutes 1992, section 518.171, is amended by adding a subdivision to read:

Subd. 2a. [EMPLOYER AND OBLIGOR NOTICE.] If an individual is hired for employment, the employer shall request that the individual disclose whether the individual has court-ordered medical support obligations that are required by law to be withheld from income and the terms of the court order, if any. The employer shall request that the individual disclose whether the individual has been ordered by a court to provide health and dental dependent insurance coverage. The individual shall disclose this information at the time of hiring. If an individual discloses that medical support is required to be withheld, the employer shall begin withholding according to the terms of the order and pursuant to section 518.611, subdivision 8. If an individual discloses an obligation to obtain health and dental dependent insurance coverage and coverage is available through the employer, the employer shall make all application processes known to the individual upon hiring and enroll the employee and dependent in the plan pursuant to subdivision 3.

Sec. 24. Minnesota Statutes 1992, section 518.171, subdivision 3, is amended to read:

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

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

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

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

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

Sec. 25. Minnesota Statutes 1992, section 518.171, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] (a) The order is binding on the employer or union and the health and dental insurance plan when service under subdivision 3 has been made. Upon receipt of the order, or upon application of the obligor pursuant to the order, the employer or union and its health and dental insurance plan shall enroll the minor child as a beneficiary in the group insurance plan and withhold any required premium from the obligor's income or wages. If more than one plan is offered by the employer or union, the child shall be enrolled in the insurance plan in which the obligor is enrolled or the least costly plan otherwise available to the obligor that is comparable to a number two qualified plan.

(b) An employer or union that willfully fails to comply with the order is liable for any health or dental expenses incurred by the dependents during the period of time the dependents were eligible to be enrolled in the insurance program, and for any other premium costs incurred because the employer or union willfully failed to comply with the order. An employer or union that fails to comply with the order is subject to contempt under section 44 and is also subject to a fine of \$500 to be paid to the obligee or public authority. Fines paid to the public authority are designated for child support enforcement services.

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

Sec. 26. Minnesota Statutes 1992, section 518.171, subdivision 6, is amended to read:

Subd. 6. [INSURER REIMBURSEMENT; CORRESPONDENCE AND NOTICE.] (a) The signature of the custodial parent of the insured dependent is a valid authorization to the insurer for purposes of processing an insurance reimbursement payment to the provider of the medical services or to the custodial parent if medical services have been prepaid by the custodial parent.

(b) The insurer shall send copies of all correspondence regarding the insurance coverage to both parents. When an order for dependent insurance coverage is in effect and the obligor's employment is terminated, or the insurance coverage is terminated, the insurer shall notify the obligee within ten days of the termination date with notice of conversion privileges.

Sec. 27. Minnesota Statutes 1992, section 518.171, subdivision 7, is amended to read:

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

Sec. 28. Minnesota Statutes 1992, section 518.171, subdivision 8, is amended to read:

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

(b) Payments for services rendered to the dependents that are directed to the obligor, in the form of reimbursement by the insurer, must be endorsed over to and forwarded to the vendor or custodial parent or public authority when the reimbursement is not owed to the obligor. An obligor retaining insurance reimbursement not owed to the obligor may be found in contempt of this order and held liable for the amount of the reimbursement. Upon written verification by the insurer of the amounts paid to the obligor, the reimbursement amount is subject to all enforcement remedies available under subdivision 10.

Sec. 29. Minnesota Statutes 1992, section 518.171, subdivision 10, is amended to read:

Subd. 10. [ENFORCEMENT.] Remedies available for the collection and enforcement of child support apply to medical support. For the purpose of enforcement, the costs of individual or group health or hospitalization coverage, dental coverage, all medical costs ordered by the court to be paid by the obligor, including health and dental insurance premiums paid by the obligee because of the obligor's failure to obtain coverage as ordered or liabilities established pursuant to subdivision 8, are additional child support.

Sec. 30. Minnesota Statutes 1992, section 518.24, is amended to read:

518.24 [SECURITY; SEQUESTRATION; CONTEMPT.]

In all cases when maintenance or support payments are ordered, the court may require sufficient security to be given for the payment of them according to the terms of the order. Upon neglect or refusal to give security, or upon failure to pay the maintenance or support, the court may sequester the obligor's personal estate and the rents and profits of real estate of the obligor, and appoint a receiver of them. The court may cause the personal estate and the rents and profits of the real estate to be applied according to the terms of the order. The obligor is presumed to have an income from a source sufficient to pay the maintenance or support order. A child support or maintenance order constitutes prima facie evidence that the obligor has the ability to pay the award. If the obligor disobeys the order, it is prima facie evidence of contempt.

Sec. 31. Minnesota Statutes 1992, section 518.54, subdivision 4, is amended to read:

Subd. 4. [SUPPORT MONEY; CHILD SUPPORT.] "Support money" or "child support" means:

(1) an award in a dissolution, legal separation, or annulment, or parentage proceeding for the care, support and education of any child of the marriage or of the parties to the ~~annulment~~ proceeding; or

(2) a contribution by parents ordered under section 256.87.

Sec. 32. Minnesota Statutes 1992, section 518.551, subdivision 1, is amended to read:

Subdivision 1. [SCOPE; PAYMENT TO PUBLIC AGENCY.] (a) This section applies to all proceedings involving an award of child support.

(b) The court shall direct that all payments ordered for maintenance and support be made to the public agency responsible for child support enforcement so long as the obligee is receiving or has applied for public assistance, or has applied for child support and maintenance collection services. Public authorities responsible for child support enforcement may act on behalf of other public authorities responsible for child support enforcement. This includes the authority to represent the legal interests of or execute documents on behalf of the other public authority in connection with the establishment, enforcement, and collection of child support, maintenance, or medical support, and collection on judgments. Amounts received by the public agency responsible for child support enforcement greater than the amount granted to the obligee shall be remitted to the obligee.

Sec. 33. Minnesota Statutes 1992, section 518.551, subdivision 5, is amended to read:

Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] (a) The petitioner shall notify the public authority of all proceedings for dissolution, legal separation, determination of parentage or for the custody of a child, if either party is receiving aid to families with dependent children or applies for it subsequent to the commencement of the proceeding. After receipt of the notice, the court shall set child support as provided in this subdivision. The court may order either or both parents owing a duty of support to a child of the marriage to pay an amount reasonable or necessary for the child's support, without regard to marital misconduct. The court shall approve a child support stipulation of the parties if each party is represented by independent counsel, unless the stipulation does not meet the conditions of paragraph (h). In other cases the court shall determine and order child support in a specific dollar amount in accordance with the guidelines and the other factors set forth in paragraph (b) and any departure therefrom. The court may also order the obligor to pay child support in the form of a percentage share of the obligor's net bonuses, commissions, or other forms of compensation, in addition to, or if the obligor receives no base pay, in lieu of, an order for a specific dollar amount.

(b) The court shall derive a specific dollar amount for child support by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
\$400 \$550 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
\$401—500	14%	17%	20%	22%	24%	26%	28%
\$501—550	15%	18%	21%	24%	26%	28%	30%
\$551 - 600	16%	19%	22%	25%	28%	30%	32%
\$601 - 650	17%	21%	24%	27%	29%	32%	34%
\$651 - 700	18%	22%	25%	28%	31%	34%	36%
\$701 - 750	19%	23%	27%	30%	33%	36%	38%
\$751 - 800	20%	24%	28%	31%	35%	38%	40%
\$801 - 850	21%	25%	29%	33%	36%	40%	42%
\$851 - 900	22%	27%	31%	34%	38%	41%	44%
\$901 - 950	23%	28%	32%	36%	40%	43%	46%
\$951 - 1000	24%	29%	34%	38%	41%	45%	48%
\$1001- 4000	25%	30%	35%	39%	43%	47%	50%

5,000
or the amount
in effect under
paragraph (k)

Guidelines for support for an obligor with a monthly income of ~~\$4,001 or more~~ in excess of the income limit currently in effect under paragraph (k) shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of ~~\$4,000~~ equal to the limit in effect.

Net Income defined as:

Total monthly income less		
	*(i)	Federal Income Tax
	*(ii)	State Income Tax
	(iii)	Social Security Deductions
	(iv)	Reasonable Pension Deductions
*Standard Deductions apply-use of tax tables recommended	(v)	Union Dues
	(vi)	Cost of Dependent Health Insurance Coverage
	(vii)	Cost of Individual or Group Health/Hospitalization Coverage or an Amount for Actual Medical Expenses
	(viii)	A Child Support or Maintenance Order that is Currently Being Paid.

"Net income" does not include:

(1) the income of the obligor's spouse, but does include in-kind payments received by the obligor in the course of employment, self-employment, or operation of a business if the payments reduce the obligor's living expenses; or

(2) compensation received by a party for employment in excess of a 40-hour work week, provided that:

(i) support is nonetheless ordered in an amount at least equal to the guidelines amount based on income not excluded under this clause; and

(ii) the party demonstrates, and the court finds, that:

(A) the excess employment began after the filing of the petition for dissolution;

(B) the excess employment reflects an increase in the work schedule or hours worked over that of the two years immediately preceding the filing of the petition;

(C) the excess employment is voluntary and not a condition of employment;

(D) the excess employment is in the nature of additional, part-time or overtime employment compensable by the hour or fraction of an hour; and

(E) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation.

The court shall review the work related and education related child care costs of the custodial parent and shall allocate the costs to each parent in proportion to each parent's income after the transfer of child support, unless the allocation would be substantially unfair to either parent. The cost of child care for purposes of this section is determined by subtracting the amount of any federal and state income tax credits available to a parent from the actual cost paid for child care. The amount allocated for child care expenses is considered child support.

~~(b)~~ (c) In addition to the child support guidelines, the court shall take into consideration the following factors in setting or modifying child support or in determining whether to deviate from the guidelines:

(1) all earnings, income, and resources of the parents, including real and personal property, but excluding income from excess employment of the obligor or obligee that meets the criteria of paragraph ~~(a)~~ (b), clause (2)(ii);

(2) the financial needs and resources, physical and emotional condition, and educational needs of the child or children to be supported;

(3) the standards of living the child would have enjoyed had the marriage not been dissolved, but recognizing that the parents now have separate households;

(4) ~~the amount of the aid to families with dependent children grant for the child or children;~~

(5) which parent receives the income taxation dependency exemption and what financial benefit the parent receives from it; and

(6) (5) the parents' debts as provided in paragraph (e) (d).

(e) (d) In establishing or modifying a support obligation, the court may consider debts owed to private creditors, but only if:

(1) the right to support has not been assigned under section 256.74;

(2) the court determines that the debt was reasonably incurred for necessary support of the child or parent or for the necessary generation of income. If the debt was incurred for the necessary generation of income, the court shall consider only the amount of debt that is essential to the continuing generation of income; and

(3) the party requesting a departure produces a sworn schedule of the debts, with supporting documentation, showing goods or services purchased, the recipient of them, the amount of the original debt, the outstanding balance, the monthly payment, and the number of months until the debt will be fully paid.

(e) (e) Any schedule prepared under paragraph (e) (d), clause (3), shall contain a statement that the debt will be fully paid after the number of months shown in the schedule, barring emergencies beyond the party's control.

(e) (f) Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18 months in duration, after which the support shall increase automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

(f) ~~Where~~ (g) If payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

(g) (h) Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.

(h) (i) The guidelines in this subdivision are a rebuttable presumption and shall be used in all cases when establishing or modifying child support. If the court does not deviate from the guidelines, the court shall make written findings concerning the amount of the obligor's income used as the basis for the guidelines calculation and any other significant evidentiary factors affecting the determination of child support. If the court deviates from the guidelines, the court shall make written findings giving the reasons for the deviation and shall specifically address the criteria in paragraph (b) and how the deviation serves the best interest of the child. The provisions of this paragraph apply whether or not the parties are each represented by independent counsel and have entered into a written agreement. The court shall review stipulations presented to it for conformity to the guidelines and the court is not required to conduct a hearing, but the parties shall provide the documentation of earnings required under subdivision 5b.

(i) If the child support payments are assigned to the public agency under section 256.74, the court may not deviate downward from the child support guidelines unless the court specifically finds that the failure to deviate downward would impose an extreme hardship on the obligor.

(k) The dollar amount of the income limit for application of the guidelines must be adjusted on July 1 of every even-numbered year to reflect cost-of-living changes. The supreme court shall select the index for the adjustment from the indices listed in section 518.641. The state court administrator shall make the changes in the dollar amount required by this paragraph available to courts and the public on or before April 30 of the year in which the amount is to change.

Sec. 34. Minnesota Statutes 1992, section 518.551, subdivision 5b, is amended to read:

Subd. 5b. [DETERMINATION OF INCOME.] (a) The parties shall timely serve and file documentation of earnings and income. When there is a prehearing conference, the court must receive the documentation of income at least ten days prior to the prehearing conference. Documentation of earnings and income also includes, but is not limited to, pay stubs for the most recent three months, employer statements, or statement of receipts and expenses if self-employed. Documentation of earnings and income also includes copies of each parent's most recent federal tax returns, including W-2 forms, 1099 forms, unemployment compensation statements, workers' compensation statements, and all other documents evidencing income as received that provide verification of income over a longer period.

(b) In addition to the requirements of paragraph (a), at any time after an action seeking child support has been commenced or when a child support order is in effect, a party or the public authority may require the other party to give them a copy of the party's most recent federal tax returns that were filed with the Internal Revenue Service. The party shall provide a copy of the tax returns within 30 days of receipt of the request unless the request is not made in good faith. A request under this paragraph may not be made more than once every two years, in the absence of good cause.

(c) If a parent under the jurisdiction of the court does not appear at a court hearing after proper notice of the time and place of the hearing, the court shall set income for that parent based on credible evidence before the court or in accordance with paragraph (e) (d). Credible evidence may include documentation of current or recent income, testimony of the other parent concerning recent earnings and income levels, and the parent's wage reports filed with the Minnesota department of jobs and training under section 268.121.

(e) (d) If the court finds that a parent is voluntarily unemployed or underemployed, child support shall be calculated based on a determination of imputed income. A parent is not considered voluntarily unemployed or underemployed upon a showing by the parent that the unemployment or underemployment: (1) is temporary and will ultimately lead to an increase in income; or (2) represents a bona fide career change that outweighs the adverse effect of that parent's diminished income on the child. Imputed income means the estimated earning ability of a parent based on the parent's prior earnings history, education, and job skills, and on availability of jobs within the community for an individual with the parent's qualifications. If the court is unable to determine or estimate the earning ability of a parent, the court may calculate child support based on full-time employment of 40 hours per week at the federal minimum wage or the Minnesota minimum wage, whichever is higher. If a parent is a recipient of public assistance under sections 256.72 to 256.87 or chapter 256D, or is physically or mentally incapacitated, it shall be presumed that the parent is not voluntarily unemployed or underemployed.

Sec. 35. Minnesota Statutes 1992, section 518.551, is amended by adding a subdivision to read:

Subd. 5d. [EDUCATION TRUST FUND.] The parties may agree to designate a sum of money above any court ordered child support as a trust fund for the costs of post-secondary education.

Sec. 36. Minnesota Statutes 1992, section 518.551, subdivision 7, is amended to read:

Subd. 7. [SERVICE FEE.] When the public agency responsible for child support enforcement provides child support collection services either to a public assistance recipient or to a party who does not receive public assistance, the public agency may upon written notice to the obligor charge a monthly collection fee equivalent to the full monthly cost to the county of providing collection services, in addition to the amount of the child support which was ordered by the court. The fee shall be deposited in the county general fund. The service fee assessed is limited to ten percent of the monthly court ordered child support and shall not be assessed to obligors who are current in payment of the monthly court ordered child support.

An application fee ~~not to exceed~~ of \$25 shall be paid by the person who applies for child support and maintenance collection services, except persons who transfer from public assistance to nonpublic assistance status. Fees assessed by state and federal tax agencies for collection of overdue support owed to or on behalf of a person not receiving public assistance must be imposed on the person for whom these services are provided. The public authority upon written notice to the obligee shall assess a fee of \$25 to the person not receiving public assistance for each successful federal tax interception. The fee must be withheld prior to the release of the funds received from each interception and deposited in the general fund.

However, the limitations of this subdivision on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under Title IV-A and Title IV-D of the Social Security Act, United States Code, title 42, sections 601 to 613 and United States Code, title 42, sections 651 to 662.

Sec. 37. Minnesota Statutes 1992, section 518.551, subdivision 10, is amended to read:

Subd. 10. [ADMINISTRATIVE PROCESS FOR CHILD AND MEDICAL SUPPORT ORDERS.] (a) An administrative process is established to obtain, modify, and enforce child and medical support orders and maintenance.

~~The commissioner of human services may designate counties to~~ Effective July 1, 1994, all counties shall participate in the administrative process established by this section. All proceedings for obtaining, modifying, or enforcing child and medical support orders and maintenance and adjudicating uncontested parentage proceedings, are required to be conducted in counties designated by the commissioner of human services in which the county human services agency is a party or ~~represents~~ provides services to a party or parties to the action. These actions must be conducted by an administrative law judge from the office of administrative hearings, except for the following proceedings:

- (1) adjudication of contested parentage;
- (2) motions to set aside a paternity adjudication or declaration of parentage;
- (3) evidentiary hearing on contempt motions; and
- (4) motions to sentence or to revoke the stay of a jail sentence in contempt proceedings.

(b) An administrative law judge may hear a stipulation reached on a contempt motion, but any stipulation that involves a finding of contempt and a jail sentence, whether stayed or imposed, shall require the review and signature of a district judge.

(c) For the purpose of this process, all powers, duties, and responsibilities conferred on judges of the district court to obtain and enforce child and medical support and maintenance obligations, subject to the limitation set forth herein, are conferred on the administrative law judge conducting the proceedings, including the power to issue orders to show cause and to issue bench warrants for failure to appear.

(d) Before implementing the process in a county, the chief administrative law judge, the commissioner of human services, the director of the county human services agency, the county attorney, ~~and the county court administrator,~~ and county sheriff shall jointly establish procedures and the county shall provide hearing facilities for implementing this process in a county.

(e) Nonattorney employees of the public agency responsible for child support in the counties designated by the commissioner, ~~acting at the direction of the county attorney,~~ may prepare, sign, serve, and file complaints and motions for obtaining, modifying, or enforcing child and medical support orders and maintenance and related documents, appear at prehearing conferences, and participate in proceedings before an administrative law judge. This activity shall not be considered to be the unauthorized practice of law.

(f) The hearings shall be conducted under the rules of the office of administrative hearings, Minnesota Rules, parts 1400.7100 to 1400.7500, 1400.7700, and 1400.7800, as adopted by the chief administrative law judge. All other aspects of the case, including, but not limited to, pleadings, discovery, and motions, shall be conducted under the rules of family court, the rules of civil procedure, and chapter 518. The administrative law judge shall make findings of fact, conclusions, and a final decision and issue an order. Orders issued by an administrative law judge are enforceable by the contempt powers of the county and district courts.

(g) The decision and order of the administrative law judge is appealable to the court of appeals in the same manner as a decision of the district court.

(h) The commissioner of human services shall distribute money for this purpose to counties to cover the costs of the administrative process, including the salaries of administrative law judges. If available appropriations are insufficient to cover the costs, the commissioner shall prorate the amount among the counties.

Sec. 38. Minnesota Statutes 1992, section 518.551, subdivision 12, is amended to read:

Subd. 12. [OCCUPATIONAL LICENSE SUSPENSION.] Upon petition of an obligee or public agency responsible for child support enforcement, if the court finds that the obligor is or may be licensed by a licensing board listed in section 214.01 or other state agency or board that issues an occupational license and the obligor is in arrears in court-ordered child support payments, the court may direct the licensing board or other licensing agency to conduct a hearing under section 214.101 concerning suspension of the obligor's license. If the obligor is a licensed attorney, the court may report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

Sec. 39. [518.561] [EMPLOYER QUESTIONNAIRE AND NOTICE.]

The commissioner of human services shall prepare a questionnaire for use by employers in obtaining information from employees for purposes of complying with sections 518.171, subdivision 2a, and 518.611, subdivision 8. The commissioner shall arrange for public dissemination of the questionnaires and notice to employers of the requirements of these provisions.

Sec. 40. Minnesota Statutes 1992, section 518.57, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] Upon a decree of dissolution, legal separation, or annulment, the court shall make a further order which is just and proper concerning the maintenance of the minor children as provided by section 518.551, and for the maintenance of any child of the parties as defined in section 518.54, as support money, ~~and~~. The court may make the same any child support order a lien or charge upon the property of the parties to the proceeding, or either of them obligor, either at the time of the entry of the judgment or by subsequent order upon proper application.

Sec. 41. Minnesota Statutes 1992, section 518.57, is amended by adding a subdivision to read:

Subd. 4. [OTHER CUSTODIANS.] If a child resides with a person other than a parent and the court approves of the custody arrangement, the court may order child support payments to be made to the custodian regardless of whether the person has legal custody.

Sec. 42. Minnesota Statutes 1992, section 518.611, subdivision 4, is amended to read:

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

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

(c) An employer shall not discharge, or refuse to hire, or otherwise discipline an employee as a result of a wage or salary withholding authorized by this section. The employer or other payor of funds shall be liable to the obligee for any amounts required to be withheld. A financial institution is liable to the obligee if funds in any of the obligor's deposit accounts identified in the court order equal the amount stated in the preauthorization agreement but are not transferred by the financial institution in accordance with the agreement. An employer or other payor of funds that fails to withhold or transfer funds in accordance with this section is also liable to the obligee for interest on the funds at the rate applicable to judgments under section 549.09, computed from the date the funds were required to be withheld or transferred. An employer or other payor of funds is liable for reasonable attorney fees of the obligee or public authority incurred in enforcing the liability under this paragraph. An employer or other payor of funds that has failed to comply with the requirements of this section is subject to contempt sanctions under section 44.

Sec. 43. Minnesota Statutes 1992, section 518.613, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Notwithstanding any provision of section 518.611, subdivision 2 or 3, to the contrary, whenever an obligation for child support or maintenance, enforced by the public authority, is initially determined and ordered or modified by the court in a county in which this section applies, the amount of child support or maintenance ordered by the court and any fees assessed by the public authority responsible for child support enforcement must be withheld from the income, regardless of source, of the person obligated to pay the support.

Sec. 44. [518.615] [EMPLOYER CONTEMPT.]

Subdivision 1. [ORDERS BINDING.] Income withholding or medical support orders issued pursuant to sections 518.171, 518.611, and 518.613 are binding on the employer, trustee, or other payor of funds after the order and notice of income withholding or enforcement of medical support has been served on the employer, trustee, or payor of funds.

Subd. 2. [CONTEMPT ACTION.] An obligee or the public agency responsible for child support enforcement may initiate a contempt action against an employer, trustee, or payor of funds, within the action that created the support obligation, by serving an order to show cause upon the employer, trustee, or payor of funds.

The employer, trustee, or payor of funds is presumed to be in contempt:

(1) if the employer, trustee, or payor of funds has intentionally failed to withhold support after receiving the order and notice of income withholding or notice of enforcement of medical support; or

(2) upon presentation of pay stubs or similar documentation showing the employer, trustee, or payor of funds withheld support and demonstration that the employer, trustee, or payor of funds intentionally failed to remit support to the agency responsible for child support enforcement.

Subd. 3. [LIABILITY.] The employer, trustee, or payor of funds is liable to the obligee or the agency responsible for child support enforcement for any amounts required to be withheld that were not paid. The court may enter judgment against the employer, trustee, or payor of funds for support not withheld or remitted. The court may also impose contempt sanctions under chapter 588.

Sec. 45. Minnesota Statutes 1992, section 518.64, subdivision 1, is amended to read:

Subdivision 1. After an order for maintenance or support money, temporary or permanent, or for the appointment of trustees to receive property awarded as maintenance or support money, the court may from time to time, on motion of either of the parties, a copy of which is served on the public authority responsible for child support enforcement if payments are made through it, or on motion of the public authority responsible for support enforcement, modify the order respecting the amount of maintenance or support money, and the payment of it, and also respecting the appropriation and payment of the principal and income of property held in trust, and may make an order respecting these matters which it might have made in the original proceeding, except as herein otherwise provided. A party or the public authority also may bring a motion for contempt of court if the obligor is in arrears in support or maintenance payments.

Sec. 46. Minnesota Statutes 1992, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party or the child or children that are the subject of these proceedings; (3) receipt of assistance under sections 256.72 to 256.87; or (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair; (5) extraordinary medical expenses of the child not provided for under section 518.171; or (6) the addition or elimination of work-related or education-related child care expenses of the obligee or a substantial increase or decrease in existing work-related or education-related child care expenses.

It is presumed that there has been a substantial change in circumstances under clause (1), (2), or (4) and the terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if the application of the child support guidelines in section 518.551, subdivision 5, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least \$50 per month higher or lower than the current support order.

(b) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

(1) shall apply section 518.551, subdivision 5, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

- (i) the excess employment began after entry of the existing support order;
- (ii) the excess employment is voluntary and not a condition of employment;
- (iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;
- (iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;
- (v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and
- (vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(c) A modification of support or maintenance may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record. However, modification may be applied to an earlier period if the court makes express findings that the party seeking modification was precluded from serving a motion by reason of a significant physical or mental disability, a material misrepresentation of another party, or fraud upon the court and that the party seeking modification, when no longer precluded, promptly served a motion.

(d) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

(e) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

(f) Section 518.14 shall govern the award of attorney fees for motions brought under this subdivision.

Sec. 47. Minnesota Statutes 1992, section 518.64, subdivision 5, is amended to read:

Subd. 5. [FORM.] The department of human services shall prepare and make available to courts, obligors and persons to whom child support is owed a form to be submitted by the obligor or the person to whom child support is owed in support of a motion for a modification of an order for support or maintenance or for contempt of court. The rulemaking provisions of chapter 14 shall not apply to the preparation of the form.

Sec. 48. Minnesota Statutes 1992, section 518.64, subdivision 6, is amended to read:

Subd. 6. [EXPEDITED PROCEDURE.] (a) The public authority may seek a modification of the child support order in accordance with the rules of civil procedure or under the expedited procedures in this subdivision.

(b) The public authority may serve the following documents upon the obligor either by certified mail or in the manner provided for service of ~~a summons~~ other pleadings under the rules of civil procedure:

- (i) a notice of its application for modification of the obligor's support order stating the amount and effective date of the proposed modification which date shall be no sooner than 30 days from the date of service;
- (ii) an affidavit setting out the basis for the modification under subdivision 2, including evidence of the current income of the parties;
- (iii) any other documents the public authority intends to file with the court in support of the modification;

- (iv) the proposed order;
- (v) notice to the obligor that if the obligor fails to move the court and request a hearing on the issue of modification of the support order within 30 days of service of the notice of application for modification, the public authority will likely obtain an order, ex parte, modifying the support order; and
- (vi) an explanation to the obligor of how a hearing can be requested, together with a motion for review form that the obligor can complete and file with the court to request a hearing.
- (c) If the obligor moves the court for a hearing, any modification must be stayed until the court has had the opportunity to determine the issue. Any modification ordered by the court is effective on the date set out in the notice of application for modification, but no earlier than 30 days following the date the obligor was served.
- (d) If the obligor fails to move the court for hearing within 30 days of service of the notice, the public authority shall file with the court a copy of the notice served on the obligor as well as all documents served on the obligor, proof of service, and a proposed order modifying support.
- (e) If, following judicial review, the court determines that the procedures provided for in this subdivision have been followed and the requested modification is appropriate, the order shall be signed ex parte and entered.
- (f) Failure of the court to enter an order under this subdivision does not prejudice the right of the public authority or either party to seek modification in accordance with the rules of civil procedure.
- (g) The supreme court shall develop standard forms for the notice of application of modification of the support order, the supporting affidavit, the obligor's responsive motion, and proposed order granting the modification.

Sec. 49. [518.585] [NOTICE OF INTEREST ON LATE CHILD SUPPORT.]

Any judgment or decree of dissolution or legal separation containing a requirement of child support and any determination of parentage, order under chapter 518C, order under section 256.87, or order under section 260.251 must include a notice to the parties that section 548.091, subdivision 1a, provides for interest to begin accruing on a payment or installment of child support whenever the unpaid amount due is greater than the current support due.

Sec. 50. Minnesota Statutes 1992, section 548.09, subdivision 1, is amended to read:

Subdivision 1. [DOCKETING; SURVIVAL OF JUDGMENT.] Except as provided in section 548.091, every judgment requiring the payment of money shall be docketed by the court administrator upon its entry. Upon a transcript of the docket being filed with the court administrator in any other county, the court administrator shall also docket it. From the time of docketing the judgment is a lien, in the amount unpaid, upon all real property in the county then or thereafter owned by the judgment debtor, but it is not a lien upon registered land unless it is also filed pursuant to sections 508.63 and 508A.63. The judgment survives, and the lien continues, for ten years after its entry. Child support judgments may be renewed by service of notice upon the debtor. Service shall be by certified mail at the last known address of the debtor or in the manner provided for the service of civil process. Upon the filing of the notice and proof of service the court administrator shall renew the judgment for child support without any additional filing fee.

Sec. 51. Minnesota Statutes 1992, section 548.091, subdivision 1a, is amended to read:

Subd. 1a. [CHILD SUPPORT JUDGMENT BY OPERATION OF LAW.] Any payment or installment of support required by a judgment or decree of dissolution or legal separation, determination of parentage, an order under chapter 518C, an order under section 256.87, or an order under section 260.251, that is not paid or withheld from the obligor's income as required under section 518.611 or 518.613, is a judgment by operation of law on and after the date it is due and is entitled to full faith and credit in this state and any other state. Interest accrues from the date the judgment on the payment or installment is entered and docketed under subdivision 3a, unpaid amount due is greater than the current support due at the annual rate provided in section 549.09, subdivision 1, plus two percent, not to exceed an annual rate of 18 percent. A payment or installment of support that becomes a judgment by operation of law between the date on which a party served notice of a motion for modification under section 518.64, subdivision 2, and the date of the court's order on modification may be modified under that subdivision.

Sec. 52. Minnesota Statutes 1992, section 548.091, subdivision 3a, is amended to read:

Subd. 3a. [ENTRY, DOCKETING, AND SURVIVAL OF CHILD SUPPORT JUDGMENT.] Upon receipt of the documents filed under subdivision 2a, the court administrator shall enter and docket the judgment in the amount of the default specified in the affidavit of default. From the time of docketing, the judgment is a lien upon all the real property in the county owned by the judgment debtor. The judgment survives and the lien continues for ten years after the date the judgment was docketed. Child support judgments may be renewed by service of notice upon the debtor. Service shall be by certified mail at the last known address of the debtor or in the manner provided for the service of civil process. Upon the filing of the notice and proof of service the court administrator shall renew the judgment for child support without any additional filing fee.

Sec. 53. Minnesota Statutes 1992, section 588.20, is amended to read:

588.20 [CRIMINAL CONTEMPTS.]

Every person who shall commit a contempt of court, of any one of the following kinds, shall be guilty of a misdemeanor:

(1) Disorderly, contemptuous, or insolent behavior, committed during the sitting of the court, in its immediate view and presence, and directly tending to interrupt its proceedings, or to impair the respect due to its authority;

(2) Behavior of like character in the presence of a referee, while actually engaged in a trial or hearing, pursuant to an order of court, or in the presence of a jury while actually sitting for the trial of a cause, or upon an inquest or other proceeding authorized by law;

(3) Breach of the peace, noise, or other disturbance directly tending to interrupt the proceedings of a court, jury, or referee;

(4) Willful disobedience to the lawful process or other mandate of a court;

(5) Resistance willfully offered to its lawful process or other mandate;

(6) Contumacious and unlawful refusal to be sworn as a witness, or, after being sworn, to answer any legal and proper interrogatory;

(7) Publication of a false or grossly inaccurate report of its proceedings; or

(8) Willful failure to pay court-ordered child support when the obligor has the ability to pay.

No person shall be punished as herein provided for publishing a true, full, and fair report of a trial, argument, decision, or other proceeding had in court.

Sec. 54. Minnesota Statutes 1992, section 609.375, subdivision 1, is amended to read:

Subdivision 1. Whoever is legally obligated to provide care and support to a spouse who is in necessitous circumstances, or child, whether or not its custody has been granted to another, and knowingly omits and fails without lawful excuse to do so is guilty of ~~non-support of the spouse or child, as the case may be a misdemeanor~~, and upon conviction thereof may be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than ~~\$300~~ \$700, or both.

Sec. 55. Minnesota Statutes 1992, section 609.375, subdivision 2, is amended to read:

Subd. 2. If the ~~knowing omission and failure without lawful excuse to provide care and support to a spouse, a minor child, or a pregnant wife~~ violation of subdivision 1 continues for a period in excess of 90 days the person is guilty of a ~~felony~~ gross misdemeanor and may be sentenced to imprisonment for not more than ~~five years~~ one year or to payment of a fine of not more than \$3,000, or both.

Sec. 56. [INCOME WITHHOLDING; SINGLE CHECK SYSTEM CENTRAL DEPOSITORY OR OTHER FISCAL AGENT.]

The commissioner of human services, in consultation with county child support enforcement agencies and other persons with relevant expertise, shall study and make recommendations on: (1) the feasibility of establishing a single check system under which employers who are implementing income withholding may make one combined payment for payments due to public authorities to one public authority or to the commissioner of human services; and (2) the feasibility of establishing a central depository or designating a fiscal agent for receipt of child support payments. The commissioner shall estimate the cost of the single check system and use of a central depository or fiscal agent and the level of fees that would be necessary to make them self-supporting. The commissioner shall report to the legislature by January 15, 1995.

Sec. 57. [INCOME SHARES FORMULA; JOINT AND SPLIT CUSTODY CHILD SUPPORT.]

The commissioner of human services advisory committee for child support enforcement shall study and make recommendations on:

(1) the feasibility of converting from the current child support guidelines to an income shares formula for determining child support; and

(2) guidelines or formulas for the computation of child support in cases involving joint physical or split custody. The commissioner shall perform data analyses of any guidelines or formulas being recommended by the committee to determine the impact of the formula on child support based on different income levels and the number of children involved.

The commissioner shall not contract with any person outside the department to perform the study. The commissioner shall report the findings and recommendations of the committee to the legislature by January 15, 1994.

Sec. 58. [ADMINISTRATIVE PROCESS FOR CHILD SUPPORT.]

The commissioner of human services, in consultation with the commissioner's advisory committee for child support enforcement, shall develop and implement a plan to restructure the administrative process for setting, modifying, and enforcing child support under Minnesota Statutes, section 518.551, subdivision 10. The plan shall implement a state-administered administrative process that is simple, streamlined, informal, uniform throughout the state, and accessible to parties without counsel no later than July 1, 1994.

Sec. 59. [PURPOSE.]

The purpose of the amendment to Minnesota Statutes 1992, section 518.64, subdivision 2, paragraph (a), dealing with the presumption of a substantial change in circumstances and self-limited income, is to conform to Code of Federal Regulations, title 42, section 303.8(d)(2).

Sec. 60. [REPEALER.]

(a) Minnesota Statutes 1992, section 256.979, is repealed.

(b) Minnesota Statutes 1992, section 609.37, is repealed.

Sec. 61. [EFFECTIVE DATE; APPLICATION.]

(a) Except as otherwise provided in this section, this act is effective August 1, 1993.

(b) Sections 8 to 14 and 56 to 58 are effective July 1, 1993.

(c) Sections 21, 22, and 33 apply to child support and medical support orders entered or modified on or after the effective date.

(d) Sections 54, 55, and 60, paragraph (b), are effective August 1, 1993, and apply to crimes committed on or after that date.

(d) Sections 36 and 37 are effective January 1, 1994."

Delete the title and insert:

"A bill for an act relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties; amending Minnesota Statutes 1992, sections 136A.121, subdivision 2; 214.101, subdivision 1; 256.87, subdivisions 1, 1a, 3, and 5; 256.978; 256.979, by adding subdivisions; 256.9791, subdivisions 3 and 4; 257.66, subdivision 3; 257.67, subdivision 3; 349A.08, subdivision 8; 484.74, subdivision 1, as amended; 484.76, subdivision 1, as amended; 518.14; 518.171, subdivisions 1, 2, 3, 4, 6, 7, 8, 10, and by adding a subdivision; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 5, 5b, 7, 10, 12, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.613, subdivision 1; 518.64, subdivisions 1, 2, 5, and 6; 548.09, subdivision 1; 548.091, subdivisions 1a and 3a; 588.20; 609.375, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 518; repealing Minnesota Statutes 1992, sections 256.979; and 609.37."

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

House Conferees: JIM FARRELL, DAVE BISHOP AND THOMAS PUGH.

Senate Conferees: RICHARD J. COHEN, EMBER D. REICHGOTT AND DAVID L. KNUTSON.

Farrell moved that the report of the Conference Committee on H. F. No. 1042 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1042, A bill for an act relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties; amending Minnesota Statutes 1992, sections 136A.121, subdivision 2; 214.101, subdivision 1; 256.87, subdivisions 1, 1a, 3, and 5; 256.978; 256.979, by adding subdivisions; 256.9791, subdivisions 3 and 4; 257.66, subdivision 3; 257.67, subdivision 3; 349A.08, subdivision 8; 518.14; 518.171, subdivisions 1, 2, 3, 4, 6, 7, 8, 10, and by adding a subdivision; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 5, 5b, 7, 10, 12, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.613, subdivision 1; 518.64, subdivisions 1, 2, 5, and 6; 519.11; 548.09, subdivision 1; 548.091, subdivisions 1a and 3a; 588.20; 595.02, subdivision 1; and 609.375, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 518; repealing Minnesota Statutes 1992, sections 256.979; and 609.37.

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 127 yeas and 5 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dauner Davids Frerichs Haukoos Stanius

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 514

A bill for an act relating to the environment; providing for passive bioremediation; providing for review of agency employee decisions; increasing membership of petroleum tank release compensation board; establishing a fee schedule of costs or criteria for evaluating reasonableness of costs submitted for reimbursement; modifying petroleum tank release cleanup fee; modifying reimbursements; modifying consultant and contractor registration requirements; authorizing board to delegate its reimbursement powers and duties to the commissioner of commerce; requiring a report; authorizing rulemaking; appropriating money; amending Minnesota Statutes 1992, sections 115C.02, subdivisions 10 and 14; 115C.03, by adding subdivisions; 115C.07, subdivisions 1, 2, and 3; 115C.08, subdivisions 1, 2, 3, and 4; 115C.09, subdivisions 1, 3, 3a, 3c, and by adding a subdivision; and 115C.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1992, sections 115C.01; 115C.02; 115C.021; 115C.03; 115C.04; 115C.045; 115C.05; 115C.06; 115C.065; 115C.07; 115C.08; 115C.09; 115C.10; 115C.11; and 115C.12.

May 14, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 514, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 514 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1992, section 115.061, is amended to read:

115.061 [DUTY TO NOTIFY AND AVOID WATER POLLUTION.]

(a) Except as provided in paragraph (b), it is the duty of every person to notify the agency immediately of the discharge, accidental or otherwise, of any substance or material under its control which, if not recovered, may cause pollution of waters of the state, and the responsible person shall recover as rapidly and as thoroughly as possible such substance or material and take immediately such other action as may be reasonably possible to minimize or abate pollution of waters of the state caused thereby.

(b) Notification is not required under paragraph (a) for a discharge of five gallons or less of petroleum, as defined in section 115C.02, subdivision 10. This paragraph does not affect the other requirements of paragraph (a).

Sec. 2. Minnesota Statutes 1992, section 115C.02, subdivision 10, is amended to read:

Subd. 10. [PETROLEUM.] "Petroleum" means:

(1) ~~gasoline and fuel oil as defined in section 296.01, subdivisions 18 and 21;~~

~~(2) crude oil or a fraction of crude oil that is liquid at a temperature of 60 degrees Fahrenheit and pressure of 14.7 pounds per square inch absolute; or~~

~~(3) constituents of gasoline and fuel oil under clause (1) and crude oil under clause (2); liquid petroleum products as defined in section 296.01;~~

~~(2) new and used lubricating oils; and~~

~~(3) new and used hydraulic oils used in lifts to raise motor vehicles or farm equipment and for servicing or repairing motor vehicles or farm equipment.~~

Sec. 3. Minnesota Statutes 1992, section 115C.02, subdivision 14, is amended to read:

Subd. 14. [TANK.] "Tank" means any one or a combination of containers, vessels, and enclosures, including structures and appurtenances connected to them, that is, or has been, used to contain or dispense petroleum.

"Tank" does not include:

(1) a mobile storage tank with a capacity of 500 gallons or less used to transport petroleum ~~from one location to another~~ only on the person's private property and which is used only for home heating fuel; or

(2) pipeline facilities, including gathering lines, regulated under the Natural Gas Pipeline Safety Act of 1968, United States Code, title 49, chapter 24, or the Hazardous Liquid Pipeline Safety Act of 1979, United States Code, title 49, chapter 29.

Sec. 4. Minnesota Statutes 1992, section 115C.03, is amended by adding a subdivision to read:

Subd. 1a. [PASSIVE BIOREMEDIATION.] Passive bioremediation must be used for petroleum tank cleanups whenever an assessment of the site determines that there is a low potential risk to public health and the environment.

Sec. 5. Minnesota Statutes 1992, section 115C.03, is amended by adding a subdivision to read:

Subd. 7a. [REVIEW OF AGENCY EMPLOYEE DECISIONS.] A person aggrieved by a decision made by an employee of the agency relating to the need for or implementation of a corrective action may seek review of the decision by the commissioner. An application for review must state with specificity the decision for which review is sought, the name of the leak site, the leak number, the date the decision was made, the agency employee who made the decision, the ramifications of the decision, and any additional pertinent information. The commissioner shall review the application and schedule a time, date, and place for the aggrieved person to explain the grievance and for the agency employee to explain the decision under review. The commissioner shall issue a decision either sustaining or reversing the decision of the employee. The aggrieved person may appeal the commissioner's decision to the pollution control agency board in accordance with Minnesota Rules, part 7000.0500, subpart 6.

Sec. 6. Minnesota Statutes 1992, section 115C.07, is amended to read:

115C.07 [PETROLEUM TANK RELEASE COMPENSATION BOARD.]

Subdivision 1. [ESTABLISHMENT.] The petroleum tank release compensation board consists of the commissioner of the pollution control agency, the commissioner of commerce, ~~two representatives~~ one representative from the petroleum industry, one public member, and ~~one representative from the insurance industry~~ person with experience in claims adjustment. The governor shall appoint the members ~~from the insurance and petroleum industry of the board~~. The filling of positions ~~reserved for industry representatives~~, vacancies, membership terms, payment of compensation and expenses, and removal of members are governed by section 15.0575. The governor shall designate the chair of the board.

Subd. 2. [STAFF.] The commissioner of commerce shall provide staff to support the activities of the board at the board's request.

Subd. 3. [RULES.] (a) The board shall adopt rules regarding its practices and procedures, the form and procedure for applications for compensation from the fund, procedures for investigation of claims and specifying the costs that are eligible for reimbursement from the fund.

(b) The board may adopt emergency rules under this subdivision for one year after June 4 ~~1, 1987~~ 1993.

(c) ~~The board shall adopt emergency rules within four months of May 25, 1991, and permanent rules within one year of May 25, 1991, designed to ensure that costs submitted to the board for reimbursement are reasonable. The rules shall include a requirement that persons taking corrective action solicit competitive bids, based on unit service costs, except in circumstances where the board determines that such solicitation is not feasible. The board shall adopt emergency rules on competitive bidding that specify a bid format and an invoice format that are consistent with each other and with an application for reimbursement.~~

(d) The board shall adopt emergency rules under sections 14.29 and 14.385 to establish costs that are not eligible for reimbursement.

(e) By January 1, 1994, the board shall publish proposed rules establishing a fee schedule of costs or criteria for evaluating the reasonableness of costs submitted for reimbursement. The board shall adopt the rules by June 1, 1994.

~~(f)~~ (f) The board may adopt rules requiring certification of environmental consultants.

(g) The board may adopt other rules necessary to implement this chapter.

Sec. 7. Minnesota Statutes 1992, 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 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 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 account; and
- (5) fees charged for the operation of the tank installer certification program established under section 116.491; and
- (6) money obtained from the return of reimbursements, civil penalties, or other board action under this chapter.

Sec. 8. Minnesota Statutes 1992, section 115C.08, subdivision 2, is amended to read:

Subd. 2. [IMPOSITION OF FEE.] The board shall notify the commissioner of revenue if the unencumbered balance of the account falls below ~~\$2,000,000~~ \$4,000,000, and within 60 days after receiving notice from the board, the commissioner of revenue shall impose the fee established in subdivision 3 on the use of a tank for four calendar months, with payment to be submitted with each monthly distributor tax return.

Sec. 9. Minnesota Statutes 1992, section 115C.08, subdivision 3, is amended to read:

Subd. 3. [PETROLEUM TANK RELEASE CLEANUP FEE.] A petroleum tank release cleanup fee is imposed on the use of tanks that contain petroleum products defined in section 296.01. On products other than gasoline, the fee must be paid in the manner provided in section 296.14 by the first licensed distributor receiving the product in Minnesota, as defined in section 296.01. When the product is gasoline, the distributor responsible for payment of the gasoline tax is also responsible for payment of the petroleum tank cleanup fee. The fee must be imposed as required under subdivision 3, at a rate of ~~\$10~~ \$20 per 1,000 gallons of petroleum products, rounded to the nearest 1,000 gallons. A distributor who fails to pay the fee imposed under this section is subject to the penalties provided in section 296.15.

Sec. 10. Minnesota Statutes 1992, section 115C.08, subdivision 4, is amended to read:

Subd. 4. [EXPENDITURES.] (a) Money in the account may only be spent:

- (1) to administer the petroleum tank release cleanup program established in ~~sections 115C.03 to 115C.10~~ this chapter;

(2) for agency administrative costs under sections 116.46 to 116.50, sections 115C.03 to 115C.06, and costs of corrective action taken by the agency under section 115C.03, including investigations;

(3) for costs of recovering expenses of corrective actions under section 115C.04;

(4) for training, certification, and rulemaking under sections 116.46 to 116.50;

(5) for agency administrative costs of enforcing rules governing the construction, installation, operation, and closure of aboveground and underground petroleum storage tanks; and

(6) for reimbursement of the harmful substance compensation account under sections 115B.26, subdivision 4; and 115C.08, subdivision 5; and

(7) for administrative and staff costs as set by the board to administer the petroleum tank release program established in this chapter.

(b) Money in the account is appropriated to the board to make reimbursements or payments under this section.

Sec. 11. Minnesota Statutes 1992, section 115C.09, subdivision 1, is amended to read:

Subdivision 1. [REIMBURSABLE COSTS.] (a) The board shall provide partial reimbursement to eligible responsible persons for reimbursable costs incurred after June 4, 1987.

(b) The following costs are reimbursable for purposes of this section:

(1) corrective action costs incurred by the responsible person and documented in a form prescribed by the board, except the costs related to the physical removal of a tank;

(2) costs that the responsible person is legally obligated to pay as damages to third parties for bodily injury or property damage caused by a release if the responsible person's liability for the costs has been established by a court order or a consent decree; and

(3) up to 180 days worth of interest costs, incurred after May 25, 1991, associated with the financing of corrective action. Interest costs are not eligible for reimbursement to the extent they exceed two percentage points above the adjusted prime rate charged by banks, as defined in section 270.75, subdivision 5, at the time the financing contract was executed.

(c) A cost for liability to a third party is incurred by the responsible person when an order or consent decree establishing the liability is entered. Except as provided in this paragraph, reimbursement may not be made for costs of liability to third parties until all eligible corrective action costs have been reimbursed. If a corrective action is expected to continue in operation for more than one year after it has been fully constructed or installed, the board may estimate the future expense of completing the corrective action and, after subtracting this estimate from the total reimbursement available under subdivision 3, reimburse the costs for liability to third parties. The total reimbursement may not exceed the limit set forth in subdivision 3.

Sec. 12. Minnesota Statutes 1992, section 115C.09, subdivision 3, is amended to read:

Subd. 3. [REIMBURSEMENTS; SUBROGATION; APPROPRIATION.] (a) The board shall reimburse a responsible person who is eligible under subdivision 2 from the account for ~~90 percent of the portion of the total reimbursable costs or \$1,000,000, whichever is less~~ 90 percent of the total reimbursable costs on the first \$250,000 and 75 percent on any remaining costs in excess of \$250,000 on a site.

Not more than \$1,000,000 may be reimbursed for costs associated with a single release, regardless of the number of persons eligible for reimbursement, and not more than \$2,000,000 may be reimbursed for costs associated with a single tank facility.

(b) A reimbursement may not be made from the account under this subdivision until the board has determined that the costs for which reimbursement is requested were actually incurred and were reasonable.

(c) A reimbursement may not be made from the account under this subdivision in response to either an initial or supplemental application for costs incurred after June 4, 1987, that are payable under an applicable insurance policy, except that if the board finds that the responsible person has made reasonable efforts to collect from an insurer and failed, the board shall reimburse the responsible person under this subdivision.

(d) If the board reimburses a responsible person for costs for which the responsible person has petroleum tank leakage or spill insurance coverage, the board is subrogated to the rights of the responsible person with respect to that insurance coverage, to the extent of the reimbursement by the board. The board may request the attorney general to bring an action in district court against the insurer to enforce the board's subrogation rights. Acceptance by a responsible person of reimbursement constitutes an assignment by the responsible person to the board of any rights of the responsible person with respect to any insurance coverage applicable to the costs that are reimbursed. Notwithstanding this paragraph, the board may instead request a return of the reimbursement under subdivision 5 and may employ against the responsible party the remedies provided in that subdivision, except where the board has knowingly provided reimbursement because the responsible person was denied coverage by the insurer.

(e) Money in the account is appropriated to the board to make reimbursements under this section. A reimbursement to a state agency must be credited to the appropriation account or accounts from which the reimbursed costs were paid.

(f) The board shall reduce the amount of reimbursement to be made under this section if it finds that the responsible person has not complied with a provision of this chapter, a rule or order issued under this chapter, or one or more of the following requirements:

(1) at the time of the release the tank was in substantial compliance with state and federal rules and regulations applicable to the tank, including rules or regulations relating to financial responsibility;

(2) the agency was given notice of the release as required by section 115.061;

(3) the responsible person, to the extent possible, fully cooperated with the agency in responding to the release; and

(4) if the responsible person is an operator, the person exercised due care with regard to operation of the tank, including maintaining inventory control procedures.

(g) The reimbursement shall be reduced as much as 100 percent for failure by the responsible person to comply with the requirements in paragraph (f), clauses (1) to (4). In determining the amount of the reimbursement reduction, the board shall consider:

(1) the likely environmental impact of the noncompliance;

(2) whether the noncompliance was negligent, knowing, or willful;

(3) the deterrent effect of the award reduction on other tank owners and operators; and

(4) the amount of reimbursement reduction recommended by the commissioner.

(h) A responsible person may assign the right to receive reimbursement to each lender, who advanced funds to pay the costs of the corrective action, or to each contractor, or consultant who provided corrective action services. An assignment must be made by filing with the board a document, in a form prescribed by the board, indicating the identity of the responsible person, the identity of the assignee, the dollar amount of the assignment, and the location of the corrective action. An assignment signed by the responsible person is valid unless terminated by filing a termination with the board, in a form prescribed by the board, which must include the written concurrence of the assignee. The board shall maintain an index of assignments filed under this paragraph. The board shall pay the reimbursement to the responsible person and to one or more assignees by a multiparty check. The board has no liability to a responsible person for a payment under an assignment meeting the requirements of this paragraph.

Sec. 13. Minnesota Statutes 1992, section 115C.09, subdivision 3a, is amended to read:

Subd. 3a. [ELIGIBILITY OF OTHER PERSONS.] Notwithstanding the provisions of subdivisions 1 to 3, the board shall provide full reimbursement to a person who has taken corrective action if the board or commissioner of commerce determines that:

(1) the person took the corrective action in response to a request or order of the commissioner made under this chapter;

- (2) the commissioner has determined that the person was not a responsible person under section 115C.02; and
- (3) the costs for which reimbursement is requested were actually incurred and were reasonable.

Sec. 14. Minnesota Statutes 1992, section 115C.09, subdivision 3c, is amended to read:

Subd. 3c. [RELEASE AT REFINERIES AND TANK FACILITIES NOT ELIGIBLE FOR REIMBURSEMENT.] Notwithstanding other provisions of subdivisions 1 to 3b, a reimbursement may not be made under this section for costs associated with a release:

- (1) from a tank located at a petroleum refinery; or
- (2) from a tank facility, including a pipeline terminal, with more than 1,000,000 gallons of total petroleum storage capacity at the tank facility.

Clause (2) does not apply to reimbursement for costs associated with a release from a tank facility owned or operated by a person engaged in the business of mining iron ore or taconite.

Sec. 15. Minnesota Statutes 1992, section 115C.09, is amended by adding a subdivision to read:

Subd. 9. [INSUFFICIENT FUNDS.] The board may not approve an application for reimbursement if there are insufficient funds available to pay the reimbursement.

Sec. 16. Minnesota Statutes 1992, section 115C.09, is amended by adding a subdivision to read:

Subd. 10. [DELEGATION OF BOARD'S POWERS.] The board may delegate to the commissioner of commerce its powers and duties under this section.

Sec. 17. Minnesota Statutes 1992, section 115C.11, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION.] (a) All consultants and contractors must register with the board in order to participate in the petroleum tank release cleanup program.

(b) The board must maintain a list of all registered consultants and a list of all registered contractors including an identification of the services offered.

(c) An applicant who applies for reimbursement must use a registered consultant and contractor in order to be eligible for reimbursement.

(d) The commissioner must inform any person who notifies the agency of a release under section 115.061 that the person must use a registered consultant or contractor to qualify for reimbursement and that a list of registered consultants and contractors is available from the board.

(e) Work performed by an unregistered consultant or contractor is ineligible for reimbursement.

(f) Work performed by a consultant or contractor prior to being removed from the registration list may be reimbursed by the board.

(g) If the information in an application for registration becomes inaccurate or incomplete in any material respect, the registered consultant or contractor must promptly file a corrected application with the board.

(h) Registration is effective on the date a complete application is received by the board. The board may reimburse the cost of work performed by an unregistered contractor if the contractor performed the work within 30 days of the effective date of registration.

Sec. 18. [115C.12] [APPEAL OF REIMBURSEMENT DETERMINATION.]

(a) A person may appeal to the board within 90 days after notice of a reimbursement determination made under section 115C.09 by submitting a written notice setting forth the specific basis for the appeal.

(b) The board shall consider the appeal within 90 days of the notice of appeal. The board shall notify the appealing party of the date of the meeting at which the appeal will be heard at least 30 days before the date of the meeting.

(c) The board's decision must be based on the written record and written arguments and submissions unless the board determines that oral argument is necessary to aid the board in its decision making. Any written submissions must be delivered to the board at least 15 days before the meeting at which the appeal will be heard. Any request for the presentation of oral argument must be in writing and submitted along with the notice of appeal.

Sec. 19. Minnesota Statutes 1992, section 116L.07, subdivision 2, is amended to read:

~~Subd. 2. [NOTICE REQUIREMENT.] An owner or lessee of any real property, or A person acting with the authority of an owner or lessee, who installs or repairs agricultural drainage tile on that property shall be relieved of liability as provided in subdivision 1 only if that owner, lessee or other person acting with authority notifies the designated agent of the owner or operator of the pipeline of the intention to install or repair drainage tile on the property at least seven days before that work commences. An owner or operator of a pipeline shall provide to the county auditor of each county in which that pipeline is located the name, address and phone number of the individual to whom notice shall be given as provided in this subdivision. Notice is effective if made in writing by certified mail to this designated agent of the owner or operator of the pipeline person gives oral or written notice to the One Call Excavation Notice System in compliance with section 216D.04.~~

Sec. 20. Minnesota Statutes 1992, section 216D.01, subdivision 5, is amended to read:

Subd. 5. [EXCAVATION.] "Excavation" means an activity that moves, removes, or otherwise disturbs the soil by use of a motor, engine, hydraulic or pneumatically powered tool, or machine-powered equipment of any kind, or by explosives. Excavation does not include:

~~(1) the repair or installation of agricultural drainage tile for which notice has been given as provided by section 116L.07, subdivision 2;~~

~~(2) the extraction of minerals;~~

~~(3) (2) the opening of a grave in a cemetery;~~

~~(4) (3) normal maintenance of roads and streets if the maintenance does not change the original grade and does not involve the road ditch;~~

~~(5) (4) plowing, cultivating, planting, harvesting, and similar operations in connection with growing crops, trees, and shrubs, unless any of these activities disturbs the soil to a depth of 18 inches or more;~~

~~(6) landscaping or (5) gardening unless one of the activities it disturbs the soil to a depth of 12 inches or more; or~~

~~(7) (6) planting of windbreaks, shelterbelts, and tree plantations, unless any of these activities disturbs the soil to a depth of 18 inches or more.~~

Sec. 21. Minnesota Statutes 1992, section 216D.04, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF EXCAVATION REQUIRED; CONTENTS.] (a) Except in an emergency, an excavator ~~or land surveyor shall and a land surveyor may~~ contact the notification center and provide an excavation or location notice at least 48 hours before beginning any excavation or boundary survey, excluding Saturdays, Sundays, and holidays. An excavation or boundary survey begins, for purposes of this requirement, the first time excavation or a boundary survey occurs in an area that was not previously identified by the excavator or land surveyor in an excavation or boundary survey notice.

(b) The excavation or boundary survey notice may be oral or written, and must contain the following information:

(1) the name of the individual providing the excavation or boundary survey notice;

(2) the precise location of the proposed area of excavation or boundary survey;

(3) the name, address, and telephone number of the excavator or land surveyor or excavator's or land surveyor's company;

- (4) the excavator's or land surveyor's field telephone number, if one is available;
- (5) the type and the extent of the proposed excavation or boundary survey work;
- (6) whether or not the discharge of explosives is anticipated; and
- (7) the date and time when excavation or boundary survey is to commence.

Sec. 22. Minnesota Statutes 1992, section 299J.06, subdivision 4, is amended to read:

Subd. 4. [TERMS; COMPENSATION; REMOVAL.] The terms, compensation, and removal of members are governed by section 15.0575. ~~The council expires on June 30, 1993.~~

Sec. 23. [PRIORITIES FOR CLEANUP; REPORT.]

The commissioner of the pollution control agency shall determine whether, and based on what criteria, a priority list should be established for the purposes of accomplishing more efficient cleanups of petroleum tank releases under Minnesota Statutes, chapter 115C. The commissioner shall consider the experience with the list of priorities established under Minnesota Statutes 1992, section 115B.17, subdivision 13, including the criteria for establishing that list in the statute and in rules adopted under the statute and any other criteria the commissioner determines appropriate, and whether a similar list of priorities is appropriate for petroleum tank cleanups. If the commissioner determines a priority list is appropriate, the commissioner, by January 15, 1994, shall recommend proposed legislation to the environment and natural resources committees of the legislature to govern establishment of the list and the criteria for establishing priorities for cleanup.

Sec. 24. [PHASE-IN PROCEDURE.]

In approving applications for reimbursement under Minnesota Statutes, chapter 115C, the petroleum tank release compensation board shall ensure that:

(1) the difference between the total amount of reimbursements approved by the board in fiscal year 1995 and the funds available to pay the reimbursements as of June 30, 1995, is at least 30 percent less than the difference between the total amount of reimbursements approved by the board as of June 30, 1993, and the funds available to pay the reimbursements as of that date; and

(2) the difference between the total amount of reimbursements approved by the board in fiscal year 1996 and the funds available to pay the reimbursements as of June 30, 1996, is at least 70 percent less than the difference between the total amount of reimbursements approved by the board as of June 30, 1993, and the funds available to pay the reimbursements as of that date.

Sec. 25. [APPROPRIATION.]

\$678,000 in fiscal year 1994 and \$618,000 in fiscal year 1995 is appropriated from the petroleum tank release cleanup account in the environmental fund to the commissioner of commerce for providing staff support to the petroleum tank release compensation board under Minnesota Statutes, section 115C.07, subdivision 2.

Sec. 26. [REPEALER.]

Minnesota Statutes 1992, sections 115C.01; 115C.02; 115C.021; 115C.03; 115C.04; 115C.045; 115C.05; 115C.06; 115C.065; 115C.07; 115C.08; 115C.09; 115C.10; 115C.11; and 115C.12, are repealed effective June 30, 2000.

Sec. 27. [EFFECTIVE DATE.]

The amendment to Minnesota Statutes, section 115C.09, subdivision 3, paragraph (a) by this article is effective for corrective actions begun on or after September 1, 1993. Section 14 is effective for applications for reimbursement received by the petroleum tank release compensation board on and after July 1, 1993. Section 9 is effective July 1, 1993. Section 15 is effective July 1, 1997. The remainder of this article is effective August 1, 1993.

ARTICLE 2

Section 1. Minnesota Statutes 1992, section 115E.03, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC PREPAREDNESS.] The following persons shall comply with the specific requirements of subdivisions 3 and 4 and section 115E.04:

(1) persons who own or operate a vessel that is constructed or adapted to carry, or that carried, oil or hazardous substances in bulk as cargo or cargo residue;

~~(2) persons who own or operate trucks or cargo trailer rolling stock transporting an average monthly aggregate total of more than 100,000 gallons of oil or hazardous substance as cargo in Minnesota;~~

~~(3) persons who own or operate railroad car rolling stock transporting an aggregate total of more than 100,000 gallons of oil or hazardous substance as cargo in Minnesota in any calendar month;~~

(4) ~~(3)~~ persons who own or operate facilities containing ~~100,000~~ 1,000,000 gallons or more of oil or hazardous substance in tank storage at any time;

(5) ~~(4)~~ persons who own or operate facilities where there is transfer of an average monthly aggregate total of more than ~~100,000~~ 1,000,000 gallons of oil or hazardous substances to or from vessels, tanks, rolling stock, or pipelines, except for facilities where the primary transfer activity is the retail sales of motor fuels;

~~(6)~~ (5) persons who own or operate hazardous liquid pipeline facilities through which more than 100,000 gallons of oil or hazardous substance is transported in any calendar month; and

~~(7)~~ (6) persons required to demonstrate preparedness under section 115E.05.

Sec. 2. Minnesota Statutes 1992, section 115E.04, subdivision 4, is amended to read:

Subd. 4. [REVIEW OF PREVENTION AND RESPONSE PLAN.] (a) A person required to show specific preparedness under section 115E.03, subdivision 2, must submit a copy of the prevention and response plan ~~must be submitted to any of the commissioners who request it and to an official of a political subdivision with appropriate jurisdiction upon the official's request, or the plan and equipment and material named in the plan may be examined upon the request of an authorized agent of a commissioner or official.~~

(b) Upon the request of one or more of the commissioners, a person shall demonstrate the adequacy of prevention and response plans and preparedness measures by conducting announced or unannounced drills, calling persons and organizations named in a prevention and response plan and verifying roles and capabilities, locating and testing response equipment, questioning response personnel, or other means that in the judgment of the requesting commissioner demonstrate preparedness. Before requesting an unannounced drill, the requesting commissioner shall notify the other commissioners that a drill will be requested and invite them to participate in or witness the drill. If an unannounced drill is conducted to the satisfaction of the commissioners, the person conducting the drill may not be required to conduct an additional unannounced drill in the same calendar year.

Sec. 3. [115E.045] [RESPONSE PLANS FOR TRUCKS AND CERTAIN TANK FACILITIES.]

Subdivision 1. [RESPONSE PLAN FOR TRUCKS.] (a) By June 1, 1994, a person who owns or operates trucks or cargo trailer rolling stock transporting an average monthly aggregate total of more than 10,000 gallons of oil or hazardous substances as bulk cargo in this state shall prepare and maintain a prevention and response plan in accordance with this subdivision. The plan must include:

(1) the name and business and nonbusiness telephone numbers of the individual or individuals having full authority to implement response action;

(2) the telephone number of the local emergency response organizations, as defined in section 299K.01, subdivision 3, if the organizations cannot be reached by calling 911;

(3) a description of the type of rolling stock and the maximum potential discharge that could occur from the equipment;

(4) the telephone number of the single answering point system established under section 115E.09;

(5) the telephone number of an individual or company with adequate personnel and equipment available to respond to a discharge, along with evidence that the individual or company and the individual responsible for preparing the plan have made arrangements for such response;

(6) a description of the training that the owner or operator's truck or cargo trailer operators have received in handling hazardous materials and the emergency response information available in the vehicle; and

(7) a description of the action that will be taken by a truck or cargo trailer owner or operator in response to a discharge.

(b) The response plan must be retained on file at the person's principal place of business.

Subd. 2. [RESPONSE PLAN FOR TANK FACILITIES WITH BETWEEN 10,000 AND 1,000,000 GALLONS OF STORAGE.] (a) By June 1, 1994, a person who owns or operates a facility that stores more than 10,000 gallons but less than 1,000,000 gallons of oil or hazardous substances shall prepare and maintain a prevention and response plan in accordance with this subdivision. The abbreviated plan must include:

(1) the name and business and nonbusiness telephone numbers of the individual or individuals having full authority to implement response action;

(2) the telephone number of the local emergency response organizations, as defined in section 299K.01, subdivision 3, if the organizations cannot be reached by calling 911;

(3) a description of the facility, tank capacities, spill prevention and secondary containment measures at the facility, and the maximum potential discharge that could occur at the facility;

(4) the telephone number of the single answering point system established under section 115E.09;

(5) documentation that adequate personnel and equipment will be available to respond to a discharge, along with evidence that prearrangements for such response have been made;

(6) a description of the training employees at the facility receive in handling hazardous materials and in emergency response information; and

(7) a description of the action that will be taken by the facility owner or operator in response to a discharge.

(b) The response plan must be retained on file at the person's principal place of business.

Subd. 3. [NOTICE OF PLAN COMPLETION.] A person required to prepare a response plan under this section shall notify the commissioner of public safety when the plan has been completed. Upon request, the person shall provide a copy of the plan to the commissioner of the pollution control agency.

Subd. 4. [AGRICULTURAL CHEMICALS EXEMPT.] This section does not apply to agricultural chemicals, as defined in section 18D.01, subdivision 3, that are subject to chapter 18B or 18C.

Sec. 4. [115E.061] [RESPONDER IMMUNITY; OIL DISCHARGES.]

(a) A person identified in section 115E.06, paragraph (a), who is rendering assistance in response to a discharge of oil is not liable for damages that result from actions taken or failed to be taken in the course of rendering care, assistance, or advice in accordance with the national contingency plan under the Oil Pollution Act of 1990, or as directed by the federal on-scene coordinator, the commissioner of the pollution control agency, the commissioner of agriculture, the commissioner of natural resources, or the commissioner of public safety.

(b) Paragraph (a) does not apply:

(1) to a responsible person under chapter 115B or 115C;

(2) with respect to personal injury or wrongful death; or

(3) if the person rendering assistance is grossly negligent or engages in willful misconduct.

Sec. 5. [115E.11] [DISPOSITION OF PENALTIES.]

Penalties collected for violations of this chapter or section 115.061 that are related to discharges or threatened discharges of petroleum must be deposited in the state treasury and credited to the petroleum tank release cleanup account.

Sec. 6. Minnesota Statutes 1992, section 299A.50, is amended by adding a subdivision to read:

Subd. 3. [LONG-TERM OVERSIGHT; TRANSITION.] When a regional hazardous materials response team has completed its response to an incident, the commissioner shall notify the commissioner of the pollution control agency, which is responsible for assessing environmental damage caused by the incident and providing oversight of monitoring and remediation of that damage from the time the response team has completed its activities.

Sec. 7. [APPROPRIATION.]

(a) \$100,000 in fiscal year 1994 and \$118,500 in fiscal year 1995 is appropriated from the petroleum tank release cleanup account in the environmental fund to the commissioner of the pollution control agency for the purposes of Minnesota Statutes, chapter 115E.

(b) Of the amounts appropriated from the environmental fund to the commissioner of the pollution control agency for the biennium ending June 30, 1995, \$195,000 in fiscal year 1994 and \$235,000 in fiscal year 1995 is available for the purposes of Minnesota Statutes, chapter 115E."

Delete the title and insert:

"A bill for an act relating to the environment; providing for passive bioremediation; providing for review of agency employee decisions; increasing membership of petroleum tank release compensation board; establishing a fee schedule of costs or criteria for evaluating reasonableness of costs submitted for reimbursement; modifying petroleum tank release cleanup fee; modifying reimbursements; modifying consultant and contractor registration requirements; authorizing board to delegate its reimbursement powers and duties to the commissioner of commerce; requiring a report; authorizing rulemaking; notice of drain tile installation; petroleum tank release compensation board membership; liability of responder to oil discharges; oil spill response plans; assessment of damages; appropriating money; amending Minnesota Statutes 1992, sections 115.061; 115C.02, subdivisions 10 and 14; 115C.03, by adding subdivisions; 115C.07; 115C.08, subdivisions 1, 2, 3, and 4; 115C.09, subdivisions 1, 3, 3a, 3c, and by adding subdivisions; 115C.11, subdivision 1; 115E.03, subdivision 2; 115E.04, subdivision 4; 116I.07, subdivision 2; 216D.01, subdivision 5; 216D.04, subdivision 1; 299A.50, by adding a subdivision; and 299J.06, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 115C; and 115E; repealing Minnesota Statutes 1992, sections 115C.01; 115C.02; 115C.021; 115C.03; 115C.04; 115C.045; 115C.05; 115C.06; 115C.065; 115C.07; 115C.08; 115C.09; 115C.10; 115C.11; and 115C.12."

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

House Conferees: WALLY SPARBY, VIRGIL J. JOHNSON AND LOREN JENNINGS.

Senate Conferees: STEVEN G. NOVAK, STEVEN MORSE AND STEVE DILLE.

Jennings moved that the report of the Conference Committee on H. F. No. 514 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 514, A bill for an act relating to the environment; providing for passive bioremediation; providing for review of agency employee decisions; increasing membership of petroleum tank release compensation board; establishing a fee schedule of costs or criteria for evaluating reasonableness of costs submitted for reimbursement; modifying petroleum tank release cleanup fee; modifying reimbursements; modifying consultant and contractor registration requirements; authorizing board to delegate its reimbursement powers and duties to the commissioner of commerce; requiring a report; authorizing rulemaking; appropriating money; amending Minnesota Statutes 1992, sections 115C.02, subdivisions 10 and 14; 115C.03, by adding subdivisions; 115C.07, subdivisions 1, 2, and 3; 115C.08, subdivisions 1, 2, 3, and 4; 115C.09, subdivisions 1, 3, 3a, 3c, and by adding a subdivision; and 115C.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1992, sections 115C.01; 115C.02; 115C.021; 115C.03; 115C.04; 115C.045; 115C.05; 115C.06; 115C.065; 115C.07; 115C.08; 115C.09; 115C.10; 115C.11; and 115C.12.

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 113 yeas and 17 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Haukoos	Krinkie	Nelson	Rice	Vellenga
Anderson, I.	Davids	Holsten	Krueger	Ness	Rodosovich	Vickerman
Anderson, R.	Dehler	Hugoson	Lasley	Olson, E.	Rukavina	Waltman
Asch	Delmont	Huntley	Leppik	Olson, K.	Sarna	Weaver
Battaglia	Dempsey	Jacobs	Lieder	Onnen	Seagren	Welle
Bauerly	Dorn	Jaros	Limmer	Opatz	Sekhon	Wenzel
Beard	Erhardt	Jefferson	Lindner	Osthoff	Simoneau	Winter
Bertram	Evans	Jennings	Lourey	Ostrom	Skoglund	Wolf
Bettermann	Farrell	Johnson, A.	Luther	Ozment	Solberg	Worke
Bishop	Frerichs	Johnson, R.	Lynch	Pauly	Stanius	Workman
Blatz	Garcia	Johnson, V.	Macklin	Pawlenty	Steensma	Spk. Long
Brown, C.	Girard	Kalis	Mahon	Pelowski	Sviggum	
Brown, K.	Goodno	Kelley	Moinau	Peterson	Swenson	
Carlson	Greenfield	Kelso	Morrison	Pugh	Tomassoni	
Carruthers	Gruenes	Kinkel	Mosel	Reding	Tompkins	
Clark	Gutknecht	Knickerbocker	Munger	Rest	Tunheim	
Cooper	Hasskamp	Koppendrayner	Murphy	Rhodes	Van Dellen	

Those who voted in the negative were:

Bergson	Hausman	McGuire	Olson, M.	Perlt	Wagenius
Conumers	Klinzing	Milbert	Orenstein	Smith	Wejcman
Greiling	McCullum	Neary	Orfield	Trimble	

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

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 429:

Jacobs, Osthoff and Gruenes.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1325, A bill for an act relating to housing; modifying the definition of dwelling for smoke detection devices; amending Minnesota Statutes 1992, section 299F.362, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Brown, C., moved that the House concur in the Senate amendments to H. F. No. 1325 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1325, A bill for an act relating to housing; modifying the definition of dwelling for smoke detection devices; regulating claims; amending Minnesota Statutes 1992, section 299F.362, subdivision 1, and by adding a subdivision.

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

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned; as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 639, A bill for an act relating to insurance; Medicare supplement; regulating coverages; conforming state law to federal requirements; making technical changes; amending Minnesota Statutes 1992, sections 62A.31, subdivisions 1, 4, and by adding a subdivision; 62A.315; 62A.316; 62A.318; 62A.36, subdivision 1; 62A.39; 62A.436; and 62A.44, subdivision 2; Laws 1992, chapter 554, article 1, section 18.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Asch moved that the House concur in the Senate amendments to H. F. No. 639 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 639, A bill for an act relating to insurance; Medicare supplement; regulating coverages; conforming state law to federal requirements; making technical changes; amending Minnesota Statutes 1992, sections 62A.31, subdivisions 1, 4, and by adding a subdivision; 62A.315; 62A.316; 62A.318; 62A.36, subdivision 1; 62A.39; 62A.436; and 62A.44, subdivision 2; Laws 1992, chapter 554, article 1, section 18.

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 128 yeas and 3 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Bertram	Brown, C.	Olson, K.
---------	-----------	-----------

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1247, A bill for an act relating to motor vehicles; establishing automobile theft prevention program and creating board; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 168A.

PATRICK E. FLAHAVER, Secretary of the Senate

CONCURRENCE AND REPASSAGE

McGuire moved that the House concur in the Senate amendments to H. F. No. 1247 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1247, A bill for an act relating to motor vehicles; establishing automobile theft prevention program and creating board; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 168A.

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 74 yeas and 57 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Bertram	Carruthers	Dempsey	Greenfield	Jefferson	Kelso
Anderson, R.	Bishop	Clark	Dorn	Greiling	Johnson, A.	Kinkel
Asch	Brown, C.	Cooper	Erhardt	Gutknecht	Johnson, R.	Knickerbocker
Battaglia	Brown, K.	Davids	Evans	Hausman	Kahn	Lasley
Bauerly	Carlson	Delmont	Garcia	Jaros	Kelley	Leppik

Lourey	Murphy	Pauly	Rice	Solberg	Wagenius	Wolf
Luther	Orenstein	Perlt	Rukavina	Swenson	Weaver	Worke
Mahon	Orfield	Pugh	Sekhon	Tomassoni	Wejcman	Spk. Long
McGuire	Osthoff	Reding	Simoneau	Trimble	Welle	
Milbert	Ostrom	Rest	Skoglund	Tunheim	Wenzel	
Morrison	Ozment	Rhodes	Smith	Vellenga	Winter	

Those who voted in the negative were:

Abrams	Frerichs	Jacobs	Limmer	Neary	Pelowski	Vickerman
Bergson	Girard	Jennings	Lindner	Nelson	Peterson	Waltman
Bettermann	Goodno	Johnson, V.	Lynch	Ness	Rodosovich	Workman
Blatz	Gruenes	Kalis	Macklin	Olson, E.	Seagren	
Commers	Hasskamp	Klinzing	Mariani	Olson, K.	Stanius	
Dauner	Haukoos	Koppendraye	McCollum	Olson, M.	Steensma	
Dawkins	Holsten	Krinkie	Molnau	Onnen	Sviggum	
Dehler	Hugoson	Krueger	Mosel	Opatz	Tompkins	
Farrell	Huntley	Lieder	Munger	Pawlenty	Van Dellen	

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1138, A bill for an act relating to agriculture; changing eligibility and participation requirements for certain rural finance authority programs; authorizing an application fee; amending Minnesota Statutes 1992, sections 41B.03, subdivision 1, and by adding a subdivision; 41B.039, subdivision 2; and 41B.042, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Mosel moved that the House concur in the Senate amendments to H. F. No. 1138 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1138, A bill for an act relating to agriculture; changing eligibility and participation requirements for certain rural finance authority programs; authorizing an application fee; appropriating money; amending Minnesota Statutes 1992, sections 41B.03, subdivision 1, and by adding a subdivision; 41B.039, subdivision 2; and 41B.042, subdivision 4.

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 130 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Bettermann	Cooper	Farrell	Hasskamp	Jennings	Klinzing
Anderson, I.	Bishop	Davids	Frerichs	Haukoos	Johnson, A.	Knickerbocker
Anderson, R.	Blatz	Dawkins	Garcia	Hausman	Johnson, R.	Koppendraye
Asch	Brown, C.	Dehler	Girard	Holsten	Johnson, V.	Krinkie
Battaglia	Brown, K.	Delmont	Goodno	Hugoson	Kahn	Krueger
Bauerly	Carlson	Dempsey	Greenfield	Huntley	Kalis	Lasley
Beard	Carruthers	Dorn	Greiling	Jacobs	Kelley	Leppik
Bergson	Clark	Erhardt	Gruenes	Jaros	Kelso	Lieder
Bertram	Commers	Evans	Gutknecht	Jefferson	Kinkel	Limmer

Lindner	Molnau	Olson, M.	Perlt	Seagren	Tomassoni	Welle
Lourey	Morrison	Onnen	Peterson	Sekhon	Tompkins	Wenzel
Luther	Mosel	Opatz	Pugh	Simoneau	Trimble	Winter
Lynch	Munger	Orenstein	Reding	Skoglund	Tunheim	Wolf
Macklin	Murphy	Orfield	Rest	Smith	Van Dellen	Worke
Mahon	Neary	Ostrom	Rhodes	Solberg	Vellenga	Workman
Mariani	Nelson	Ozment	Rice	Stanius	Vickerman	Spk. Long
McCollum	Ness	Pauly	Rodosovich	Steensma	Wagenius	
McGuire	Olson, E.	Pawienty	Rukavina	Sviggum	Weaver	
Milbert	Olson, K.	Pelowski	Sarna	Swenson	Wejcman	

Those who voted in the negative were:

Osthoff

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1060, A bill for an act relating to agriculture; making technical changes in eligibility for certain rural finance authority loan programs; authorizing an ethanol development program; appropriating money; amending Minnesota Statutes 1992, sections 41B.02, subdivisions 7, 12, 14, 15, and by adding subdivisions; 41B.03, subdivision 3; 41B.04, subdivision 9, and by adding a subdivision; and 41C.05, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 41B.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Mosel moved that the House concur in the Senate amendments to H. F. No. 1060 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1060, A bill for an act relating to agriculture; making technical changes in eligibility for certain rural finance authority loan programs; authorizing an ethanol development program; appropriating money; amending Minnesota Statutes 1992, sections 41B.02, subdivisions 7, 12, 14, 15, and by adding subdivisions; 41B.03, subdivision 3; 41B.04, subdivision 9, and by adding a subdivision; 41B.14; and 41C.05, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 41B.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Brown, C.	Dempsey	Gutknecht	Johnson, R.	Lasley	McGuire
Anderson, I.	Brown, K.	Dorn	Hasskamp	Johnson, V.	Leppik	Milbert
Anderson, R.	Carlson	Erhardt	Haukoos	Kahn	Lieder	Molnau
Asch	Carruthers	Evans	Hausman	Kalis	Limmer	Morrison
Battaglia	Clark	Farrell	Holsten	Kelley	Lindner	Mosel
Bauerly	Commers	Frerichs	Hugoson	Kelso	Lourey	Munger
Beard	Cooper	Garcia	Huntley	Kinkel	Luther	Murphy
Bergson	Dauner	Girard	Jacobs	Klinzing	Lynch	Neary
Bertram	Davids	Goodno	Jaros	Knickerbocker	Macklin	Nelson
Bettermann	Dawkins	Greenfield	Jefferson	Koppendrayner	Mahon	Ness
Bishop	Dehler	Greiling	Jennings	Krinkie	Mariani	Olson, E.
Blatz	Delmont	Gruenes	Johnson, A.	Krueger	McCollum	Olson, K.

Olson, M.	Ozment	Reding	Seagren	Steensma	Van Dellen	Welle
Onnen	Pauly	Rest	Sekhon	Sviggum	Vellenga	Wenzel
Opatz	Pawlenty	Rhodes	Simoneau	Swenson	Vickerman	Winter
Orenstein	Pelowski	Rice	Skoglund	Tomassoni	Wagenius	Wolf
Orfield	Perlt	Rodosovich	Smith	Tompkins	Waltman	Worke
Osthoff	Peterson	Rukavina	Solberg	Trimble	Weaver	Workman
Ostrom	Pugh	Sarna	Stanuis	Tunheim	Wejzman	Spk. Long

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

The Speaker resumed the Chair.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1107, A bill for an act relating to waters; establishing a small craft harbors program for Lake Superior; stating powers and duties of the commissioner of natural resources and local authorities in respect thereto; proposing coding for new law in Minnesota Statutes, chapter 86A.

PATRICK E. FLAHAVERN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Huntley moved that the House concur in the Senate amendments to H. F. No. 1107 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1107, A bill for an act relating to waters; establishing a safe harbors program for Lake Superior; stating powers and duties of the commissioner of natural resources and local authorities in respect thereto; requiring the department of natural resources to recommend methods for control of Eurasian water milfoil in White Bear lake; proposing coding for new law in Minnesota Statutes, chapter 86A.

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 113 yeas and 17 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Delmont	Jacobs	Lieder	Olson, K.	Rukavina	Vellenga
Asch	Dempsey	Jaros	Lourey	Onnen	Sarna	Wagenius
Battaglia	Dorn	Jefferson	Luther	Opatz	Seagren	Waltman
Bauerly	Erhardt	Jennings	Lynch	Orenstein	Sekhon	Weaver
Beard	Evans	Johnson, A.	Mahon	Orfield	Simoneau	Wejzman
Bertram	Farrell	Johnson, R.	Mariani	Osthoff	Skoglund	Welle
Bettermann	Garcia	Johnson, V.	McCollum	Oststrom	Smith	Wenzel
Bishop	Goodno	Kahn	McGuire	Ozment	Solberg	Winter
Blatz	Greenfield	Kalis	Milbert	Pauly	Stanuis	Wolf
Brown, C.	Greiling	Kelley	Molnau	Pelowski	Steensma	Worke
Brown, K.	Gruenes	Kelso	Morrison	Perlt	Sviggum	Spk. Long
Carlson	Gutknecht	Kinkel	Mosel	Peterson	Swenson	
Clark	Hasskamp	Klinzing	Murphy	Pugh	Tomassoni	
Cooper	Haukoos	Knickerbocker	Neary	Reding	Tompkins	
Dauner	Holsten	Krueger	Nelson	Rest	Trimble	
Dawkins	Hugoson	Lasley	Ness	Rhodes	Tunheim	
Dehler	Huntley	Leppik	Olson, E.	Rodosovich	Van Dellen	

Those who voted in the negative were:

Abrams	Carruthers	Frerichs	Krinkie	Macklin	Vickerman
Anderson, R.	Commers	Girard	Limmer	Olson, M.	Workman
Bergson	Davids	Koppendraye	Lindner	Pawlenty	

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1486, A bill for an act relating to libraries; requiring the metropolitan council to conduct a study of metropolitan area libraries and library systems and report to the legislature.

PATRICK E. FLAHAVER, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Trimble moved that the House concur in the Senate amendments to H. F. No. 1486 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1486, A bill for an act relating to libraries; requiring the metropolitan council to conduct a study of metropolitan area libraries and library systems and report to the legislature.

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 74 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dorn	Jefferson	Lieder	Opatz	Rukavina	Tunheim
Anderson, R.	Evans	Johnson, A.	Lourey	Orenstein	Sarna	Vellenga
Battaglia	Farrell	Johnson, R.	Mariani	Orfield	Sekhon	Wagenius
Beard	Garcia	Kahn	McCollum	Ostrom	Simoneau	Wejeman
Bertram	Greenfield	Kelley	McGuire	Ozment	Skoglund	Welle
Brown, K.	Greiling	Kelso	Munger	Pauly	Solberg	Wenzel
Carlson	Hasskamp	Kinkel	Murphy	Pelowski	Steensma	Winter
Clark	Holsten	Klinzing	Neary	Peterson	Swenson	Spk. Long
Cooper	Huntley	Knickerbocker	Nelson	Reding	Tomassoni	
Dauner	Jacobs	Krueger	Olson, E.	Rest	Tompkins	
Dawkins	Jaros	Leppik	Olson, K.	Rhodes	Trimble	

Those who voted in the negative were:

Abrams	Davids	Gruenes	Krinkie	Milbert	Pawlenty	Van Dellen
Asch	Dehler	Gutknecht	Lasley	Molnau	Perlt	Vickerman
Bauerly	Delmont	Haukoos	Limmer	Morrison	Pugh	Waltman
Bergson	Dempsey	Hugoson	Lindner	Mosel	Rice	Weaver
Bettermann	Erhardt	Jennings	Luther	Ness	Seagren	Wolf
Blatz	Frerichs	Johnson, V.	Lynch	Olson, M.	Smith	Worke
Carruthers	Girard	Kalis	Macklin	Onnen	Stanius	Workman
Commers	Goodno	Koppendraye	Mahon	Osthoff	Sviggum	

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 10, A bill for an act relating to education; establishing a youth apprenticeship program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 126.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Bauerly moved that the House concur in the Senate amendments to H. F. No. 10 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 10, A bill for an act relating to education; establishing a comprehensive youth apprenticeship system; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 126B.

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 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

McCollum

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

There being no objection, the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

Anderson, I., from the Committee on Rules and Legislative Administration to which was referred:

S. F. No. 553, A bill for an act relating to retirement; Minneapolis and St. Paul teacher retirement fund associations; providing additional funding from various sources; assessing active and retired members for certain teacher retirement fund associations supplemental administrative expenses; modifying certain post retirement adjustments; authorizing contributions by the city of Minneapolis; appropriating money; authorizing certain tax levies by special school district No. 1; amending Minnesota Statutes 1992, sections 354A.12, subdivisions 2, 2a, and by adding subdivisions; and Laws 1959, chapter 462, section 3, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 354A; repealing Laws 1987, chapter 372, article 3, section 1.

Reported the same back with the following amendments:

Page 1, after line 17, insert:

"Section 1. [115A.542] [COMPOSTING PROJECTS.]

The director shall award grants to optimize operations at mixed municipal solid waste composting facilities owned by multi-county project boards. Before awarding a grant under this section, the director must approve a facility optimization plan submitted by the multi-county project board. The plan must include a financial and technical feasibility analysis."

Page 4, delete lines 5 to 16 and insert:

"Subd. 3a. [SPECIAL DIRECT STATE AID TO ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION.] (a) The state shall pay to the St. Paul teachers retirement fund association \$500,000 in fiscal year 1994. It is the intention of the legislature, subject to later appropriation, that in fiscal year 1995 and each year thereafter, \$500,000, increased in the same proportion that the general education revenue formula allowance under section 124A.22, subdivision 2, is increased in that fiscal year over the 1994 allowance, be paid to the St. Paul teacher's retirement fund association.

(b) The direct state aid is payable October 1. The commissioner of finance shall pay the direct state aid. The amount required under this subdivision is appropriated to the commissioner of finance."

Page 4, line 34, delete everything after the period

Page 4, delete lines 35 and 36

Page 5, delete line 1

Page 5, line 2, delete "fiscal years." and insert "It is the intention of the legislature, subject to later appropriation, that in fiscal year 1995 and each year thereafter, \$2,500,000, increased in the same proportion that the general education revenue formula allowance under section 124A.22, subdivision 2, is increased in that fiscal year over the 1994 allowance, be paid to the Minneapolis teachers retirement fund association."

Page 5, line 10, delete "a" and after "year" insert "1994"

Page 5, line 16, delete "annually"

Page 10, after line 36, insert:

"Sec. 11. [APPROPRIATION.]

\$1,500,000 in the first year of the biennium ending June 30, 1995, is appropriated from the general fund to the office of waste management for grants under section 1. Any unencumbered balance remaining after the first year shall be available in the second year of the biennium."

Page 11, line 4, delete "5, 9, and 10" and insert "6, 10, 11, and 12"

Page 11, line 5, delete "6 and 7" and insert "7 and 8"

Page 11, line 8, delete "4" and insert "5"

Page 11, line 9, delete "6" and insert "7"

Page 11, line 10, delete "8" and insert "9"

Delete the title and insert:

"A bill for an act relating to the operation of state and local government; providing for certain waste management grants; changing Minneapolis and St. Paul teacher retirement fund associations benefit conditions; providing additional funding from various sources; assessing active and retired members for certain teacher retirement fund associations supplemental administrative expenses; modifying certain post retirement adjustments; authorizing contributions by the city of Minneapolis; appropriating money; authorizing certain tax levies by special school district No. 1; amending Minnesota Statutes 1992, sections 354A.12, subdivisions 2, 2a, and by adding subdivisions; and Laws 1959, chapter 462, section 3, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 115A; and 354A; repealing Laws 1987, chapter 372, article 3, section 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF SENATE BILLS

S. F. No. 553 was read for the second time.

Anderson, I., moved that when the House adjourns today it adjourn until 9:00 a.m., Monday, May 17, 1993. The motion prevailed.

Anderson, I., 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.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 531, A bill for an act relating to housing; requiring owner to furnish a tenant with a copy of a written lease; requiring disclosure of inspection and condemnation orders; modifying procedure for tenant file disclosure by tenant screening services; modifying definitions; requiring reports; providing penalties; amending Minnesota Statutes 1992, sections 504.29, by adding a subdivision; 504.30, subdivisions 1, 3, and 4; 504.33, subdivisions 3, 5, and 7; 504.34, subdivisions 1 and 2; and 566.18, subdivisions 2 and 7; Laws 1989, chapter 328, article 2, section 17, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 504; repealing Laws 1989, chapter 328, article 2, sections 18 and 19.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

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

H. F. No. 1585, A bill for an act relating to crime; imposing penalties for a variety of firearms-related offenses; expanding forfeiture provisions; revising and increasing penalties for stalking, harassment, and domestic abuse offenses; providing for improved training, investigation and enforcement of these laws; increasing penalties for and making revisions to certain controlled substance offenses; increasing penalties for crimes committed by groups; increasing penalties and improving enforcement of arson and related crimes; making certain changes to restitution and other crime victim laws; revising laws relating to law enforcement agencies, and state and local corrections agencies; requiring certain counties to establish pretrial diversion programs; revising and increasing penalties for a variety of other criminal laws; clarifying certain provisions for the new felony sentencing system; making technical corrections to sentencing statutes; regulating crimes in certain shopping areas; making knowing transfer of HIV virus a felony; increasing parental liability; limiting right to refuse blood testing; appropriating money; amending Minnesota Statutes 1992, sections 8.16, subdivision 1; 13.87, subdivision 2; 16B.08, subdivision 7; 127.03, subdivision 3; 144.765; 144A.04, subdivisions 4 and 6; 144A.11, subdivision 3a; 144B.08, subdivision 3; 152.01, by adding a subdivision; 152.021, subdivision 3; 152.022, subdivisions 1, 2, and 3; 152.023, subdivisions 2 and 3; 152.024, subdivisions 1 and 3; 152.025, subdivision 3; 152.026; 152.0971, subdivisions 1, 3, and by adding subdivisions; 152.0972, subdivision 1; 152.0973, subdivisions 2, 3, and by adding a subdivision; 152.0974; 152.18, subdivision 1; 168.346; 169.121, subdivision 3a; 169.222, subdivisions 1 and 6; 169.64, subdivision 3; 169.98, subdivision 1a; 214.10, by adding subdivisions; 238.16, subdivision 2; 241.09; 241.26, subdivision 5; 241.67, subdivision 2; 243.166, subdivision 1; 243.23, subdivision 3; 244.01, subdivision 8, and by adding a subdivision; 244.05, subdivisions 1b, 4, 5, and by adding a subdivision; 244.065; 244.101; 244.14, subdivisions 2 and 3; 244.15, subdivision 1; 244.17, subdivision 3; 244.171, subdivisions 3 and 4; 244.172, subdivisions 1 and 2; 260.185, subdivisions 1 and 1a; 260.193, subdivision 8; 260.251, subdivision 1; 299A.35, subdivision 2; 299C.46, by adding a subdivision; 299D.03, subdivision 1; 299D.06; 299F.04, by adding a subdivision; 299F.815, subdivision 1; 388.23, subdivision 1; 390.11, by adding a subdivision; 390.32, by adding a subdivision; 401.02, subdivision 4; 473.386, by adding a subdivision; 480.0591, subdivision 6; 480.30; 485.018, subdivision 5; 518B.01, subdivisions 2, 3, 6, 7, 9, and 14; 540.18, subdivision 1; 541.15; 609.02, subdivision 6; 609.0341, subdivision 1; 609.035; 609.05, subdivision 1; 609.06; 609.101, subdivisions 2, 3, and 4; 609.11; 609.135, subdivisions 1, 1a, and 2; 609.1352, subdivision 1; 609.14, subdivision 1; 609.15, subdivision 2; 609.152, subdivisions 1 and 2; 609.175, subdivision 2, and by adding a subdivision; 609.184, subdivision 2; 609.196; 609.224, subdivision 2; 609.229, subdivision 3; 609.251; 609.341, subdivisions 10, 17, 18, and 19; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2, 2b, and 5; 609.3461; 609.378, subdivision 1; 609.494; 609.495; 609.505; 609.531, subdivision 1; 609.5314, subdivision 1; 609.562; 609.563, subdivision 1; 609.576, subdivision 1; 609.582, subdivision 1a; 609.585; 609.605, subdivision 1, and by adding a subdivision; 609.66, subdivisions 1, 1a, and by adding subdivisions; 609.67, subdivisions 1 and 2; 609.686; 609.71; 609.713, subdivision 1; 609.746, by adding a subdivision; 609.748, subdivisions 1, 2, 3, 5, 6, 8, and by adding subdivisions; 609.79, subdivision 1; 609.795, subdivision 1; 609.856, subdivision 1; 609.891, subdivision 2; 609.902, subdivision 4; 611A.02, subdivision 2; 611A.031; 611A.0315; 611A.04, subdivisions 1, 1a, 3, and by adding a subdivision; 611A.06, subdivision 1; 611A.52, subdivisions 5, 8, and 9; 611A.57, subdivisions 2, 3, and 5; 611A.66; 624.711; 624.712, subdivisions 5, 6, and by adding a subdivision; 624.713; 624.7131, subdivisions 1, 4, and 10; 624.7132; 626.05, subdivision 2; 626.13; 626.556, subdivision 10; 626.8451, subdivision 1a; 626A.05, subdivision 1; 626A.06, subdivisions 4, 5, and 6; 626A.10, subdivision 1; 626A.11, subdivision 1; 628.26; 629.291, subdivision 1; 629.34, subdivision 1; 629.341, subdivision 1; 629.342, subdivision 2; 629.72; 631.046, subdivision 1; 631.41; and 641.14; Laws 1991, chapter 279, section 41; Laws 1992, chapter 571, article 7, section 13, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 121; 152; 169; 174; 242; 260; 401; 473; 593; 609; 611A; and 624; repealing Minnesota Statutes 1992, sections 152.0973, subdivision 4; 214.10, subdivisions 4, 5, 6, and 7; 241.25; 609.02, subdivisions 12 and 13; 609.131, subdivision 1a; 609.605, subdivision 3; 609.746, subdivisions 2 and 3; 609.747; 609.79, subdivision 1a; 609.795, subdivision 2; 611A.57, subdivision 1; and 629.40, subdivision 5.

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

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1368, A bill for an act relating to the environment; imposing criminal penalties for knowing violations of air pollution requirements; amending Minnesota Statutes 1992, section 609.671, subdivisions 9 and 12.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Chandler, Merriam and Knutson.

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

Orfield 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. 1368. The motion prevailed.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1178

A bill for an act relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating integrated service networks; requiring regulation of all health care services not provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for classification of certain tax data; permitting expedited rulemaking; requiring certain studies; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 43A.317, subdivision 5; 60A.02, subdivision 1a; 62A.021, subdivision 1; 62A.65; 62E.02, subdivision 23; 62E.10, subdivisions 1 and 3; 62E.11, subdivision 12; 62J.03, subdivisions 6, 8, and by adding a subdivision; 62J.04, subdivisions 1, 2, 3, 4, 5, 7, and by adding a subdivision; 62J.05, subdivision 2, and by adding a subdivision; 62J.09, subdivisions 2, 5, 8, and by adding subdivisions; 62J.15, subdivision 1; 62J.17, subdivision 2, and by adding subdivisions; 62J.23, by adding a subdivision; 62J.30, subdivisions 1, 6, 7, and 8; 62J.32, subdivision 4; 62J.33; 62J.34, subdivision 2; 62L.02, subdivisions 16, 19, 26, and 27; 62L.03, subdivisions 3 and 4; 62L.04, subdivision 1; 62L.05, subdivisions 2, 3, 4, and 6; 62L.08, subdivisions 4 and 8; 62L.09, subdivision 1; 62L.11, subdivision 1; 136A.1355, subdivisions 1, 3, 4, and by adding a subdivision; 136A.1356, subdivisions 2, 4, and 5; 136A.1357; 137.38, subdivisions 2, 3, and 4; 137.39, subdivisions 2 and 3; 137.40, subdivision 3; 144.147, subdivision 4; 144.1484, subdivisions 1 and 2; 144.335, by adding a subdivision; 144.581, subdivision 2; 151.47, subdivision 1; 214.16, subdivision 3; 256.9351, subdivision 3; 256.9352, subdivision 3; 256.9353; 256.9354, subdivisions 1, 4, and 5; 256.9356, subdivisions 1 and 2; 256.9357, subdivision 1; 256.9657, subdivision 3, and by adding a subdivision; 256B.04, subdivision 1; 256B.057, subdivisions 1, 2, and 2a; 256B.0625, subdivision 13; 256D.03, subdivision 3; 270B.01, subdivision 8; 295.50, subdivisions 3, 4, 7, 14, and by adding subdivisions; 295.51, subdivision 1; 295.52, by adding subdivisions; 295.53, subdivisions 1, 3, and by adding a subdivision; 295.54; 295.55, subdivision 4; 295.57; 295.58; 295.59; Laws 1990, chapter 591, article 4, section 9; proposing coding for new law in Minnesota Statutes, chapters 16B; 43A; 62A; 62J; 136A; 144; 151; 256; and 295; proposing coding for new law as Minnesota Statutes, chapters 62N; and 62O; repealing Minnesota Statutes 1992, sections 62J.15, subdivision 2; 62J.17, subdivisions 4, 5, and 6; 62J.29; 62L.09, subdivision 2; 295.50, subdivision 10; and 295.51, subdivision 2; Laws 1992, chapter 549, article 9, section 19, subdivision 2.

May 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1178, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1178 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

INTEGRATED SERVICE NETWORKS

Section 1. Minnesota Statutes 1992, section 62J.04, is amended by adding a subdivision to read:

Subd. 8. [IMPLEMENTATION PLAN.] (a) The commissioner, in consultation with the commission, shall develop and submit to the legislature and the governor by January 15, 1994, a detailed implementation plan, including proposed rules and legislation, to implement the cost containment plan recommended by the commission as described in the summary report of the commission issued on January 25, 1993, as further modified by this act. The goal of the implementation plan must be to allow integrated service networks to form beginning July 1, 1994, and to begin a phased-in implementation of an all-payer system over a two-year period beginning July 1, 1994.

(b) To ensure a wide range of choices for purchasers, consumers, and providers, the rules and legislation must encourage and facilitate the formation of locally controlled integrated service networks, in addition to networks sponsored by statewide health plan companies.

(c) Financial solvency, net worth, and reserve requirements for integrated service networks must facilitate the formation of new networks, including networks sponsored by providers, employers, community organizations, local governments, and other locally based organizations, while protecting enrollees from undue risk of financial insolvency. The rules and legislation shall authorize alternative financial solvency, net worth, and reserve requirements for networks sponsored by providers that are based on the operational capacity, facilities, personnel, and financial capability to provide the services that it has contracted to provide to enrollees during the term of the contract provided the requirements are based on sound actuarial, financial, and accounting principles. The criteria for allowing integrated service networks and participating providers and health care providing entities to satisfy financial requirements through alternative means may authorize consideration of:

(1) the level of services to be provided by a provider relative to its existing service capacity;

(2) the provider's debt rating;

(3) certification by an independent consulting actuary;

(4) the availability of allocated or restricted funds;

(5) net worth;

(6) the availability of letters of credit;

(7) the taxing authority of the entity or governmental sponsor;

(8) net revenues;

(9) accounts receivable;

(10) the number of providers under contract;

(11) indebtedness; and

(12) other factors the commissioner may reasonably establish to measure the ability of the provider or health care providing entity to provide the level of services.

(d) The implementation plan may include a requirement that an integrated service network may not contract for management services with a separate entity unless:

(1) the contract complies with section 62D.19; and

(2) if the management contract exceeds five percent of gross revenues of the integrated service network, provisions requiring holdbacks or other risk related provisions must be no more favorable to the separate entity under the management contract than comparable terms contained in any contract between the integrated service network and any health care providing entity or provider.

(e) The implementation plan must include technical assistance and financial assistance to promote the creation of locally controlled networks to serve rural areas and special populations. The commissioner and the commission shall consider including in the implementation plan the establishment of a management cooperative that will provide planning, organization, administration, billing, legal, and support services to integrated service networks that are members of the cooperative.

(f) The implementation plan must address problems of provider recruitment and retention in rural areas. Rules and legislation must be designed to improve the ability of rural communities to maintain an effective local delivery system.

(g) The implementation plan must include a method to create an option for health care providers and health care plans who meet or fall below the limits set by the commissioner under section 62J.04 to obtain a waiver from the applicability of the all-payer rules.

(h) In developing the implementation plan, the commissioner and the commission shall consider medical malpractice liability in terms of an entity operating an integrated service network and possible medical malpractice committed by its employees and make recommendations on any statutory changes that may be necessary. The commissioner may also consider whether a network and its participating entities should be allowed to reallocate between themselves the risk of malpractice liability.

(i) The implementation plan must identify the entities to whom an integrated service network may provide health care services, and persons or methods through whom or which an integrated service network may offer or sell its services.

(j) The implementation plan may consider the obligations that an integrated service network should have to the comprehensive health association established under section 62E.10. If obligations are to be required of an integrated service network, the implementation plan may provide for a phase-in of the assessments under section 62E.11. The implementation plan should clearly specify the rights and duties of integrated service networks with respect to the comprehensive health association.

(k) In developing the implementation plan, the commissioner and the commission shall consider how enrollees should be protected in the event of the insolvency of a network, how prospective enrollees should be informed of the consequences to enrollees of an insolvency, and the form of the hold harmless clause that must be contained in every network enrollee contract.

(l) In developing the implementation plan, the commissioner and the commission shall consider the liquidation, rehabilitation, and conservation procedures that would be appropriate for networks.

(m) The rules and legislation must include provisions authorizing integrated service networks to bear the risk of providing coverage either by retaining the risk or by transferring all or part of the risk by purchasing reinsurance or other appropriate methods.

(n) The implementation plan must recommend the solvency requirements appropriate for a network, including net worth and deposit requirements, any reduced or phased-in net worth or deposit requirements that might be appropriate for new networks, government-sponsored networks, networks that use accredited capitated providers, or that have other particular features that provide a rationale for adjusting the solvency requirements.

(o) The commissioner shall determine the possible relationships between providers and integrated service networks, including requirements for the contractual relationships that may be required in order to ensure flexible arrangements between integrated service networks and providers.

Sec. 2. [62N.01] [CITATION AND PURPOSE.]

Subdivision 1. [CITATION.] Sections 62N.01 to 62N.24 may be cited as the "Minnesota integrated service network act."

Subd. 2. [PURPOSE.] Sections 62N.01 to 62N.24 allow the creation of integrated service networks that will be responsible for arranging for or delivering a full array of health care services, from routine primary and preventive care through acute inpatient hospital care, to a defined population for a fixed price from a purchaser.

Each integrated service network is accountable to keep its total revenues within the limit of growth set by the commissioner of health under section 62N.05, subdivision 2, clause (1). Integrated service networks can be formed by health care providers, health maintenance organizations, insurance companies, employers, or other organizations. Competition between integrated service networks on the quality and price of health care services is encouraged.

Sec. 3. [62N.02] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section apply to sections 62J.04, subdivision 8, and 62N.01 to 62N.24.

Subd. 2. [ACCREDITED CAPITATED PROVIDER.] "Accredited capitated provider" means a financially responsible health care providing entity paid by a network on a capitated basis.

Subd. 3. [COMMISSION.] "Commission" means the health care commission established under section 62J.05.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of health or the commissioner's designated representative.

Subd. 5. [ENROLLEE.] "Enrollee" means an individual, including a member of a group, to whom a network is obligated to provide health services under this chapter.

Subd. 6. [HEALTH CARE PROVIDING ENTITY.] "Health care providing entity" means a participating entity that provides health care to enrollees through an integrated service network.

Subd. 6a. [HEALTH CARRIER.] "Health carrier" has the meaning given in section 62A.011.

Subd. 7. [HEALTH PLAN.] "Health plan" means a health plan as defined in section 62A.011 or coverage by an integrated service network.

Subd. 8. [INTEGRATED SERVICE NETWORK.] "Integrated service network" means a formal arrangement permitted by this chapter and licensed by the commissioner for providing health services under this chapter to enrollees for a fixed payment per time period.

Subd. 9. [NETWORK.] "Network" means an integrated service network as defined in this section.

Subd. 10. [PARTICIPATING ENTITY.] "Participating entity" means a health care providing entity, a risk-bearing entity, or an entity providing other services through an integrated service network.

Subd. 11. [PRICE.] "Price" means the actual amount of money paid, after discounts or other adjustments, by the person or organization paying money to buy health care coverage and health care services. "Price" does not mean the cost or costs incurred by a network or other entity to provide health care services to individuals.

Subd. 12. [RISK-BEARING ENTITY.] "Risk-bearing entity" means an entity that participates in an integrated service network so as to bear all or part of the risk of loss. "Risk-bearing entity" includes an entity that provides reinsurance, stop-loss, excess-of-loss, and similar coverage.

Sec. 4. [62N.03] [APPLICABILITY OF OTHER LAW.]

Chapters 60A, 60B, 60G, 61A, 61B, 62A, 62C, 62D, 62E, 62H, 62L, 62M, and 64B do not, except as expressly provided in this chapter or in those other chapters, apply to integrated service networks, or to entities otherwise subject to those chapters, with respect to participation by those entities in integrated service networks. Chapters 72A and 72C apply to integrated service networks, except as otherwise expressly provided in this chapter.

Integrated service networks are in "the business of insurance" for purposes of the federal McCarren-Ferguson Act, United States Code, title 15, section 1012, are "domestic insurance companies" for purposes of the federal Bankruptcy Reform Act of 1978, United States Code, title 11, section 109, and are "insurance" for purposes of the federal Employee Retirement Income Security Act, United States Code, title 29, section 1144.

Sec. 5. [62N.04] [REGULATION.]

Integrated service networks are under the supervision of the commissioner, who shall enforce this chapter. The commissioner has, with respect to this chapter, all enforcement and rulemaking powers available to the commissioner under section 62D.17.

Sec. 6. [62N.05] [RULES GOVERNING INTEGRATED SERVICE NETWORKS.]

Subdivision 1. [RULES.] The commissioner, in consultation with the commission, may adopt emergency and permanent rules to establish more detailed requirements governing integrated service networks in accordance with this chapter.

Subd. 2. [REQUIREMENTS.] The commissioner shall include in the rules requirements that will ensure that the annual rate of growth of an integrated service network's aggregate total revenues received from purchasers and enrollees, after adjustments for changes in population size and risk, does not exceed the growth limit established in section 62I.04. A network's aggregate total revenues for purposes of these growth limits are net of the contributions, surcharges, taxes, and assessments listed in section 62P.04, subdivision 2, that the network pays. The commissioner may include in the rules the following:

- (1) requirements for licensure, including a fee for initial application and an annual fee for renewal;
- (2) quality standards;
- (3) requirements for availability and comprehensiveness of services;
- (4) requirements regarding the defined population to be served by an integrated service network;
- (5) requirements for open enrollment;
- (6) provisions for incentives for networks to accept as enrollees individuals who have high risks for needing health care services and individuals and groups with special needs;
- (7) prohibitions against disenrolling individuals or groups with high risks or special needs;
- (8) requirements that an integrated service network provide to its enrollees information on coverage, including any limitations on coverage, deductibles and copayments, optional services available and the price or prices of those services, any restrictions on emergency services and services provided outside of the network's service area, any responsibilities enrollees have, and describing how an enrollee can use the network's enrollee complaint resolution system;
- (9) requirements for financial solvency and stability;
- (10) a deposit requirement;
- (11) financial reporting and examination requirements;
- (12) limits on copayments and deductibles;
- (13) mechanisms to prevent and remedy unfair competition;
- (14) provisions to reduce or eliminate undesirable barriers to the formation of new integrated service networks;
- (15) requirements for maintenance and reporting of information on costs, prices, revenues, volume of services, and outcomes and quality of services;
- (16) a provision allowing an integrated service network to set credentialing standards for practitioners employed by or under contract with the network;
- (17) a requirement that an integrated service network employ or contract with practitioners and other health care providers, and minimum requirements for those contracts if the commissioner deems requirements to be necessary to ensure that each network will be able to control expenditures and revenues or to protect enrollees and potential enrollees;
- (18) provisions regarding liability for medical malpractice;
- (19) provisions regarding permissible and impermissible underwriting criteria applicable to the standard set of benefits;

(20) a method or methods to facilitate and encourage appropriate provision of services by midlevel practitioners and pharmacists;

(21) a method or methods to assure that all integrated service networks are subject to the same regulatory requirements. All health carriers, including health maintenance organizations, insurers, and nonprofit health service plan corporations shall be regulated under the same rules, to the extent that the health carrier is operating an integrated service network or is a participating entity in an integrated service network;

(22) provisions for appropriate risk adjusters or other methods to prevent or compensate for adverse selection of enrollees into or out of an integrated service network; and

(23) rules prescribing standard measures and methods by which integrated service networks shall determine and disclose their prices, copayments, deductibles, out-of-pocket limits, enrollee satisfaction levels, and anticipated loss ratios.

Subd. 3. [CRITERIA FOR RULEMAKING.] (a) [APPLICABILITY.] The commissioner shall adopt rules governing integrated service networks based on the criteria and objectives specified in this subdivision.

(b) [COMPETITION.] The rules must encourage and facilitate competition through the collection and distribution of reliable information on the cost, prices, and quality of each integrated service network in a manner that allows comparisons between networks.

(c) [FLEXIBILITY.] The rules must allow significant flexibility in the structure and organization of integrated service networks. The rules must allow and facilitate the formation of networks by providers, employers, and other organizations, in addition to health carriers.

(d) [EXPANDING ACCESS AND COVERAGE.] The rules must be designed to expand access to health care services and coverage for all Minnesotans, including individuals and groups who have preexisting health conditions, who represent a higher risk of requiring treatment, who require translation or other special services to facilitate treatment, who face social or cultural barriers to obtaining health care, or who for other reasons face barriers to access to health care and coverage. Enrollment standards must ensure that high risk and special needs populations will be included and growth limits and payment systems must be designed to provide incentives for networks to enroll even the most challenging and costly groups and populations. The rules must be consistent with the principles of health insurance reform that are reflected in Laws 1992, chapter 549.

(e) [ABILITY TO BEAR FINANCIAL RISK.] The rules must allow a variety of options for integrated service networks to demonstrate their ability to bear the financial risk of serving their enrollees, to facilitate diversity and innovation and the entry into the market of new networks. The rules must allow the phasing in of reserve requirements and other requirements relating to financial solvency.

(f) [PARTICIPATION OF PROVIDERS.] The rules must not require providers to participate in an integrated service network and must allow providers to participate in more than one network and to serve both patients who are covered by an integrated service network and patients who are not. The rules must allow significant flexibility for an integrated service network and providers to define and negotiate the terms and conditions of provider participation. The rules must encourage and facilitate the participation of midlevel practitioners, allied health care practitioners, and pharmacists, and eliminate inappropriate barriers to their participation. The rules must encourage and facilitate the participation of disproportionate share providers in integrated service networks and eliminate inappropriate barriers to this participation.

(g) [RURAL COMMUNITIES.] The rules must permit a variety of forms of integrated service networks to be developed in rural areas in response to the needs, preferences, and conditions of rural communities, utilizing to the greatest extent possible current existing health care providers and hospitals.

(h) [LIMITS ON GROWTH.] The rules must include provisions to enable the commissioner to enforce the limits on growth in health care total revenues for each integrated service network and for the entire system of integrated service networks.

(i) [STANDARD BENEFIT SET.] The commission shall make recommendations to the commissioner regarding a standard benefit set.

(j) [CONFLICT OF INTEREST.] The rules shall include provisions the commissioner deems necessary and appropriate to address integrated service networks' and participating providers' relationship to section 62J.23 or other laws relating to provider conflicts of interest.

Sec. 7. [62N.06] [AUTHORIZED ENTITIES.]

Subdivision 1. [AUTHORIZED ENTITIES.] (a) An integrated service network may be organized as a separate nonprofit corporation under chapter 317A or as a cooperative under chapter 308A.

(b) A nonprofit health carrier, as defined in section 62A.011, may establish and operate one or more integrated service networks without forming a separate corporation or cooperative, but only if all of the following conditions are met:

(i) a contract between the health carrier and a health care provider, for a term of less than seven years, that was executed before June 1, 1993, does not bind the health carrier or provider as applied to integrated service network services, except with the mutual consent of the health carrier and provider entered into on or after June 1, 1993. This clause does not apply to contracts between a health carrier and its salaried employees;

(ii) the health carrier shall not apply toward the net worth, working capital, or deposit requirements of this chapter any assets used to satisfy net worth, working capital, deposit, or other financial requirements under any other chapter of Minnesota law;

(iii) the health carrier shall not include in its premiums for health coverage provided under any other chapter of Minnesota law, an assessment or surcharge relating to net worth, working capital, or deposit requirements imposed upon the integrated service network under this chapter; and

(iv) the health carrier shall not include in its premiums for integrated service network coverage under this chapter an assessment or surcharge relating to net worth working capital or deposit requirements imposed upon health coverage offered under any other chapter of Minnesota law.

Subd. 2. [SEPARATE ACCOUNTING REQUIRED.] Any entity operating one or more integrated service networks shall maintain separate accounting and record keeping procedures, acceptable to the commissioner, for each integrated service network.

Subd. 3. [GOVERNMENTAL SUBDIVISION.] A political subdivision may establish and operate an integrated service network directly, without forming a separate entity. Unless otherwise specified, a network authorized under this subdivision must comply with all other provisions governing networks.

Sec. 8. [62N.065] [ADMINISTRATIVE COST CONTAINMENT.]

Subdivision 1. [UNREASONABLE EXPENSES.] No integrated service network shall incur or pay for any expense of any nature which is unreasonably high in relation to the value of the service or goods provided. The commissioner shall implement and enforce this section by rules adopted under this section.

In an effort to achieve the stated purposes of sections 62N.01 to 62N.22; in order to safeguard the underlying nonprofit status of integrated service networks; and to ensure that payment of integrated service network money to any person or organization results in a corresponding benefit to the integrated service network and its enrollees; when determining whether an integrated service network has incurred an unreasonable expense in relation to payments made to a person or organization, due consideration shall be given to, in addition to any other appropriate factors, whether the officers and trustees of the integrated service network have acted with good faith and in the best interests of the integrated service network in entering into, and performing under, a contract under which the integrated service network has incurred an expense. In addition to the compliance powers under subdivision 3, the commissioner has standing to sue, on behalf of an integrated service network, officers or trustees of the integrated service network who have breached their fiduciary duty in entering into and performing such contracts.

Subd. 2. [DATA ON CONTRACTS.] Integrated service networks shall keep on file in the offices of the integrated service network copies of all contracts regulated under subdivision 1, and data on the payments, salaries, and other remuneration paid to for-profit firms, affiliates, or to persons for administrative expenses, service contracts, and management of the integrated service network, and shall make these records available to the commissioner upon request.

Subd. 3. [COMPLIANCE AUTHORITY.] The commissioner may review any contract, arrangement, or agreement to determine whether it complies with the provisions contained in subdivision 1. The commissioner may suspend any provision that does not comply with subdivision 1 and may require the integrated service network to replace those provisions with provisions that do comply.

Sec. 9. [62N.07] [PURPOSE.]

The legislature finds that previous cost containment efforts have focused on reducing benefits and services, eliminating access to certain provider groups, and otherwise reducing the level of care available. Under a system of overall spending controls, these cost containment approaches will, in the absence of controls on cost shifting, shift costs from the payer to the consumer, to government programs, and to providers in the form of uncompensated care. The legislature further finds that the integrated service network benefit package should be designed to promote coordinated, cost-effective delivery of all health services an enrollee needs without cost shifting. The legislature further finds that affordability of health coverage is a high priority and that lower cost coverage options should be made available through the use of copayments, coinsurance, and deductibles to reduce premium costs rather than through the exclusion of services or providers.

Sec. 10. [62N.075] [COVERED SERVICES.]

(a) An integrated service network must provide to each person enrolled a set of appropriate and necessary health services. For purposes of this chapter, "appropriate and necessary" means services needed to maintain the enrollee in good health including as a minimum, but not limited to, emergency care, inpatient hospital and physician care, outpatient health services, preventive health services. The commissioner may modify this definition to reflect changes in community standards, development of practice parameters, new technology assessments, and other medical innovations. These services must be delivered by authorized practitioners acting within their scope of practice. An integrated service network is not responsible for health services that are not appropriate and necessary.

(b) A network may define benefit levels through the use of consumer cost sharing but remains financially accountable for the cost of the set of required health services.

(c) A network may offer any Medicare supplement, Medicare select, or other Medicare-related product otherwise permitted for any type of health carrier in this state. Each Medicare-related product may be offered only in full compliance with the requirements in chapters 62A, 62D, and 62E that apply to that category of product.

(d) Networks must comply with all continuation and conversion of coverage requirements applicable to health maintenance organizations under state or federal law.

(e) Networks must comply with sections 62A.047, 62A.27, and any other coverage of newborn infants, dependent children who do not reside with a covered person, handicapped children and dependents, and adopted children. A network providing dependent coverage must comply with section 62A.302.

(f) Networks must comply with the equal access requirements of section 62A.15, subdivision 2.

Sec. 11. [62N.08] [AVAILABILITY OF SERVICES.]

(a) An integrated service network is financially responsible to provide to each person enrolled all appropriate and necessary health services required by statute, by the contract of coverage, or otherwise required under sections 62N.075 to 62N.085.

(b) The commissioner shall require that networks provide all appropriate and necessary health services within a reasonable geographic distance for enrollees. The commissioner may adopt rules providing a more detailed requirement, consistent with this paragraph.

Sec. 12. [62N.085] [ESTABLISHMENT OF STANDARDIZED BENEFIT PLANS.]

(a) The commissioner of health shall adopt permanent rules and may adopt emergency rules to establish not more than five standardized benefit plans which must be offered by integrated service networks. The plans must comply with the requirements of sections 62N.07 to 62N.08 and the other requirements of this chapter. The plans must vary only on the basis of enrollee cost sharing and encompass a range of cost sharing options from (1) lower premium costs combined with higher enrollee cost sharing, to (2) higher premium costs combined with lower enrollee cost sharing.

(b) The purposes of this section, "consumer cost sharing" or "cost sharing" means copayments, deductibles, coinsurance, and other out-of-pocket expenses paid by the individual consumer of health care services.

(c) The commissioner shall consider whether the following principles should apply to cost sharing in an integrated service network:

(1) consumers must have a wide choice of cost sharing arrangement;

(2) consumer cost sharing must be administratively feasible and consistent with efforts to reduce the overall administrative burden of the health care system;

(3) cost sharing must be based on income and an enrollee's ability to pay for services and should not create a barrier to access to appropriate and effective services;

(4) cost sharing must be capped at a predetermined annual limit to protect individuals and families from financial catastrophe and to protect individuals with substantial health care needs;

(5) child health supervision services, immunizations, prenatal care, and other prevention services must not be subjected to cost sharing;

(6) additional requirements for networks should be established to assist enrollees for whom an inducement in addition to the elimination of cost sharing is necessary in order to encourage them to use cost-effective preventive services. These requirements may include the provision of educational information, assistance or guidance, and opportunities for responsible decision making by enrollees that minimize potential out-of-pocket costs;

(7) cost-sharing requirements and benefit or service limitations for outpatient mental health and outpatient chemical dependency services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6660, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for outpatient medical services; and

(8) cost-sharing requirements and benefit or service limitations for inpatient hospital mental health and inpatient hospital and residential chemical dependency services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6660, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for inpatient hospital medical services.

Sec. 13. [62N.10] [LICENSING.]

Subdivision 1. [REQUIREMENTS.] All integrated service networks must be licensed by the commissioner. Licensure requirements are:

(1) the ability to be responsible for the full continuum of required health care and related costs for the defined population that the integrated service network will serve;

(2) the ability to satisfy standards for quality of care;

(3) financial solvency; and

(4) the ability to fully comply with this chapter and all other applicable law.

The commissioner may adopt rules to specify licensure requirements for integrated service networks in greater detail, consistent with this subdivision.

Subd. 2. [FEES.] Licensees shall pay an initial fee and a renewal fee each following year to be established by the commissioner of health.

Subd. 3. [LOSS OF LICENSE.] The commissioner may fine a licensee or suspend or revoke a license for violations of rules or statutes pertaining to integrated service networks.

Subd. 4. [PARTICIPATION; GOVERNMENT PROGRAMS.] Integrated service networks shall, as a condition of licensure, participate in the medical assistance, general assistance medical care, and MinnesotaCare programs. The commissioner shall adopt rules specifying the participation required of the networks. The rules must be consistent with Minnesota Rules, parts 9505.5200 to 9505.5260, governing participation by health maintenance organizations in public health care programs.

Subd. 5. [APPLICATION.] Each application for an integrated service network license must be in a form prescribed by the commissioner.

Subd. 6. [DOCUMENTS ON FILE.] A network shall agree to retain in its files any documents specified by the commissioner. A network shall permit the commissioner to examine those documents at any time and shall promptly provide copies of any of them to the commissioner upon request.

Sec. 14. [62N.11] [EVIDENCE OF COVERAGE.]

Subdivision 1. [APPLICABILITY.] Every integrated service network enrollee residing in this state is entitled to evidence of coverage or contract. The integrated service network or its designated representative shall issue the evidence of coverage or contract. The commissioner shall adopt rules specifying the requirements for contracts and evidence of coverage. "Evidence of coverage" means evidence that an enrollee is covered by a group contract issued to the group.

Subd. 2. [FILING.] No evidence of coverage or contract or amendment of coverage or contract shall be issued or delivered to any individual in this state until a copy of the form of the evidence of coverage or contract or amendment of coverage or contract has been filed with and approved by the commissioner.

Sec. 15. [62N.12] [ENROLLEE RIGHTS.]

The cover page of the evidence of coverage and contract must contain a clear and complete statement of an enrollee's rights as a consumer. The commissioner shall adopt rules specifying enrollee rights and required disclosures to enrollees.

Sec. 16. [62N.13] [ENROLLEE COMPLAINT SYSTEM.]

Every integrated service network must establish and maintain an enrollee complaint system, including an impartial arbitration provision, to provide reasonable procedures for the resolution of written complaints initiated by enrollees concerning the provision of health care services. The commissioner shall adopt rules specifying requirements relating to enrollee complaints.

Sec. 17. [62N.16] [UNDERWRITING AND RATING.]

Subdivision 1. [APPLICABILITY.] Except as provided in subdivision 3, this section applies to the standard benefit plans under section 62N.085 and does not apply to additional benefits. This section does not require coverage by an integrated service network of any group or individual residing outside of the network's service area. A network's service area is a geographic service region agreed to by the commissioner and the network at the time of licensure. This section does not apply to any group that the commissioner determines is organized or functions primarily to provide coverage to one or more high risk individuals. The commissioner may adopt rules specifying other types of groups to which this section does not apply.

Subd. 2. [GROUP MEMBERS.] Integrated service networks shall charge the same rate for each individual in a group, except as appropriate to provide dependent or family coverage. Rates for managed care plans as described in section 256.9363 shall be determined through contract between the department of human services and the integrated service network.

Subd. 3. [SMALL EMPLOYERS.] To provide services to employees of a small employer as defined in section 62L.02, integrated service networks shall comply with chapter 62L.

Sec. 18. [62N.22] [DISCLOSURE OF COMMISSIONS.]

Before selling, or offering to sell, any coverage or enrollment in an integrated service network, a person selling the coverage or enrollment shall disclose to the prospective purchaser the amount of any commission or other compensation the person will receive as a direct result of the sale. The disclosure may be expressed in dollars or as a percentage of the premium. The amount disclosed need not include any anticipated renewal commissions.

Sec. 19. [62N.23] [TECHNICAL ASSISTANCE; LOANS.]

(a) The commissioner shall provide technical assistance to parties interested in establishing or operating an integrated service network. This shall be known as the integrated service network technical assistance program (ISNTAP).

The technical assistance program shall offer seminars on the establishment and operation of integrated service networks in all regions of Minnesota. The commissioner shall advertise these seminars in local and regional newspapers, and attendance at these seminars shall be free.

The commissioner shall write a guide to establishing and operating an integrated service network. The guide must provide basic instructions for parties wishing to establish an integrated service network. The guide must be provided free of charge to interested parties. The commissioner shall update this guide when appropriate.

The commissioner shall establish a toll-free telephone line that interested parties may call to obtain assistance in establishing or operating an integrated service network.

(b) The commissioner, in consultation with the commission, shall provide recommendations for the creation of a loan program that would provide loans or grants to entities forming integrated service networks or to networks less than one year old. The commissioner shall propose criteria for the loan program.

Sec. 20. [62N.24] [REVIEW OF RULES.]

The commissioner of health shall mail copies of all proposed emergency and permanent rules that are being promulgated under this chapter to each member of the legislative commission on health care access prior to final adoption by the commissioner.

Sec. 21. Minnesota Statutes 1992, section 256.9657, subdivision 3, is amended to read:

Subd. 3. [HEALTH MAINTENANCE ORGANIZATION; INTEGRATED SERVICE NETWORK SURCHARGE.] Effective October 1, 1992, each health maintenance organization with a certificate of authority issued by the commissioner of health under chapter 62D and each integrated service network licensed by the commissioner under sections 62N.01 to 62N.22 shall pay to the commissioner of human services a surcharge equal to six-tenths of one percent of the total premium revenues of the health maintenance organization or integrated service network as reported to the commissioner of health according to the schedule in subdivision 4.

Sec. 22. [BORDER COMMUNITIES.]

The commissioner of health shall monitor the effects of integrated service networks and the regulated all-payer system in communities in which a substantial proportion of health care services provided to Minnesota residents are provided in states bordering Minnesota and may amend the rules adopted under this article or article 2 to minimize effects that inhibit Minnesota residents' ability to obtain access to quality health care. The commissioner shall report to the Minnesota health care commission and the legislature any effects that the commissioner intends to address by amendments to the rules adopted under this article or article 2.

Sec. 23. [STUDY OF REQUIREMENTS FOR HEALTH CARRIERS FORMING INTEGRATED SERVICE NETWORKS.]

The Minnesota health care commission shall study the desirability and appropriateness of the provisions in Minnesota Statutes, section 62N.06, subdivision 1, which prohibit health carriers from establishing and operating integrated service networks other than through a separate entity except under specified conditions. The commission shall report its findings, conclusions, and recommendations to the commissioner and the legislative commission on health care access by November 1, 1993. If, in the development of rules and proposed legislation, the commissioner intends to depart from the commission's recommendations on this issue, the notification procedures in Minnesota Statutes, section 62J.04, subdivision 4, apply.

Sec. 24. [EFFECTIVE DATE.]

Sections 1 to 23 are effective the day following final enactment, but no integrated service network may provide health care services prior to July 1, 1994.

ARTICLE 2

REGULATED ALL-PAYER SYSTEM

Section 1. Minnesota Statutes 1992, section 62D.042, subdivision 2, is amended to read:

Subd. 2. [BEGINNING ORGANIZATIONS.] (a) Beginning organizations shall maintain net worth of at least 8-1/3 percent of the sum of all expenses expected to be incurred in the 12 months following the date the certificate of authority is granted, or \$1,500,000, whichever is greater.

(b) After the first full calendar year of operation, organizations shall maintain net worth of at least 8-1/3 percent and at most 16-2/3 percent of the sum of all expenses incurred during the most recent calendar year, ~~or \$1,000,000, whichever is greater~~ but in no case shall net worth fall below \$1,000,000.

Sec. 2. [62P.01] [REGULATED ALL-PAYER SYSTEM.]

The regulated all-payer system established under this chapter governs all health care services that are provided outside of an integrated service network. The regulated all-payer system is designed to control costs, prices, and utilization of all health care services not provided through an integrated service network while maintaining or improving the quality of services. The commissioner of health shall adopt rules establishing controls within the system to ensure that the rate of growth in spending in the system, after adjustments for population size and risk, remains within the limits set by the commissioner under section 62J.04. All providers that serve Minnesota residents and all health carriers that cover Minnesota residents shall comply with the requirements and rules established under this chapter for all health care services or coverage provided to Minnesota residents.

Sec. 3. [62P.03] [IMPLEMENTATION.]

(a) By January 1, 1994, the commissioner of health, in consultation with the Minnesota health care commission, shall report to the legislature recommendations for the design and implementation of the all-payer system. The commissioner may use a consultant or other technical assistance to develop a design for the all-payer system. The commissioner's recommendations shall include the following:

(1) methods for controlling payments to providers such as uniform fee schedules or rate limits to be applied to all health plans and health care providers with independent billing rights;

(2) methods for controlling utilization of services such as the application of standardized utilization review criteria, incentives based on setting and achieving volume targets, recovery of excess spending due to overutilization, or required use of practice parameters;

(3) methods for monitoring quality of care and mechanisms to enforce the quality of care standards;

(4) requirements for maintaining and reporting data on costs, prices, revenues, expenditures, utilization, quality of services, and outcomes;

(5) measures to prevent or discourage adverse risk selection between the regulated all-payer system and integrated service networks;

(6) measures to coordinate the regulated all-payer system with integrated service networks to minimize or eliminate barriers to access to health care services that might otherwise result;

(7) an appeals process;

(8) measures to encourage and facilitate appropriate use of midlevel practitioners and eliminate undesirable barriers to their participation in providing services;

(9) measures to assure appropriate use of technology and to manage introduction of new technology;

(10) consequences to be imposed on providers whose expenditures have exceeded the limits established by the commissioner; and

(11) restrictions on provider conflicts of interest.

(b) On July 1, 1994, the regulated all-payer system shall begin to be phased in with full implementation by July 1, 1996. During the transition period, expenditure limits for health carriers shall be established in accordance with section 4 and health care provider revenue limits shall be established in accordance with section 5.

Sec. 4. [62P.04] [EXPENDITURE LIMITS FOR HEALTH CARRIERS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following definitions apply.

(b) "Health carrier" has the definition provided in section 62A.011.

(c) "Total expenditures" mean incurred claims or expenditures on health care services, administrative expenses, charitable contributions, and all other payments made by health carriers out of premium revenues, except taxes and assessments, and payments or allocations made to establish or maintain reserves. Total expenditures are equivalent to the amount of total revenues minus taxes and assessments. Taxes and assessments means payments for taxes, contributions to the Minnesota comprehensive health association, the provider's surcharge under section 256.9657, the MinnesotaCare provider tax under section 295.52, assessments by the health coverage reinsurance association, assessments by the Minnesota life and health insurance guaranty association, and any new assessments imposed by federal or state law.

Subd. 2. [ESTABLISHMENT.] The commissioner of health shall establish limits on the increase in total expenditures by each health carrier for calendar years 1994 and 1995. The limits must be the same as the annual rate of growth in health care spending established under section 62J.04, subdivision 1, paragraph (b). Health carriers that are affiliates may elect to meet one combined expenditure limit.

Subd. 3. [DETERMINATION OF EXPENDITURES.] Health carriers shall submit to the commissioner of health, by April 1, 1994, for calendar year 1993, and by April 1, 1995, for calendar year 1994, all information the commissioner determines to be necessary to implement and enforce this section. The information must be submitted in the form specified by the commissioner. The information must include, but is not limited to, expenditures per member per month or cost per employee per month, and detailed information on revenues and reserves. The commissioner, to the extent possible, shall coordinate the submittal of the information required under this section with the submittal of the financial data required under chapter 62J, to minimize the administrative burden on health carriers. The commissioner may adjust final expenditure figures for demographic changes, risk selection, changes in basic benefits, and legislative initiatives that materially change health care costs, as long as these adjustments are consistent with the methodology submitted by the health carrier to the commissioner, and approved by the commissioner as actuarially justified. The methodology to be used for adjustments and the election to meet one expenditure limit for affiliated health carriers must be submitted to the commissioner by September 1, 1993.

Subd. 4. [MONITORING OF RESERVES.] (a) The commissioner of health shall monitor health carrier reserves and net worth as established under chapters 60A, 62C, 62D, 62H, and 64B, to ensure that savings resulting from the establishment of expenditure limits are passed on to consumers in the form of lower premium rates.

(b) Health carriers shall fully reflect in the premium rates the savings generated by the expenditure limits and the health care provider revenue limits. No premium rate increase may be approved for those health carriers unless the health carrier establishes to the satisfaction of the commissioner of commerce or the commissioner of health, as appropriate, that the proposed new rate would comply with this paragraph.

Subd. 5. [NOTICE.] The commissioner of health shall publish in the State Register and make available to the public by July 1, 1995, a list of all health carriers that exceeded their expenditure target for the 1994 calendar year. The commissioner shall publish in the State Register and make available to the public by July 1, 1996, a list of all health carriers that exceeded their combined expenditure limit for calendar years 1994 and 1995. The commissioner shall notify each health carrier that the commissioner has determined that the carrier exceeded its expenditure limit, at least 30 days before publishing the list, and shall provide each carrier with ten days to provide an explanation for exceeding the expenditure target. The commissioner shall review the explanation and may change a determination if the commissioner determines the explanation to be valid.

Subd. 6. [ASSISTANCE BY THE COMMISSIONER OF COMMERCE.] The commissioner of commerce shall provide assistance to the commissioner of health in monitoring health carriers regulated by the commissioner of commerce. The commissioner of commerce, in consultation with the commissioner of health, shall enforce compliance by those health carriers.

Subd. 7. [ENFORCEMENT.] The commissioners of health and commerce shall enforce the reserve limits referenced in subdivision 4, with respect to the health carriers that each commissioner respectively regulates. Each commissioner shall require health carriers under the commissioner's jurisdiction to submit plans of corrective action when the reserve requirement is not met. Each commissioner may adopt rules necessary to enforce this section. Carriers that exceed the expenditure limits based on two-year average expenditure data or whose reserves exceed the limits referenced in subdivision 4 shall be required by the appropriate commissioner to pay back the amount overspent through an assessment on the carrier. The appropriate commissioner may approve a different repayment method to take into account the carrier's financial condition.

Sec. 5. [62P.05] [HEALTH CARE PROVIDER REVENUE LIMITS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "health care provider" has the definition given in section 62J.03, subdivision 8.

Subd. 2. [ESTABLISHMENT.] The commissioner of health shall establish limits on the increase in revenue for each health care provider, for calendar years 1994 and 1995. The limits must be the same as the annual rate of growth in health care spending established under section 62J.04, subdivision 1, paragraph (b). The commissioner may adjust final revenue figures for case mix complexity, inpatient to outpatient conversion, payer mix, out-of-period settlements, taxes, donations, grants, and legislative initiatives that materially change health care costs, as long as these adjustments are consistent with the methodology submitted by the health care provider to the commissioner, and approved by the commissioner as actuarially justified. The methodology to be used for adjustments must be submitted to the commissioner by September 1, 1993. A health care provider's revenues for purposes of these growth limits are net of the contributions, surcharges, taxes, and assessments listed in section 62P.04, subdivision 2, that the health care provider pays.

Subd. 3. [MONITORING OF REVENUE.] The commissioner of health shall monitor health care provider revenue, to ensure that savings resulting from the establishment of revenue limits are passed on to consumers in the form of lower charges. The commissioner shall monitor hospital revenue by examining net patient revenue per adjusted admission. The commissioner shall monitor the revenue of physicians and other health care providers by examining revenue per patient per year or revenue per encounter. If this information is not available, the commissioner may enforce an annual limit on the rate of growth of the provider's current fees based on the limits on the rate of growth established for calendar years 1994 and 1995.

Subd. 4. [MONITORING AND ENFORCEMENT.] Health care providers shall submit to the commissioner of health, in the form and at the times required by the commissioner, all information the commissioner determines to be necessary to implement and enforce this section. Health care providers shall submit to audits conducted by the commissioner. The commissioner shall regularly audit all health clinics employing or contracting with over 100 physicians. The commissioner shall also audit, at times and in a manner that does not interfere with delivery of patient care, a sample of smaller clinics, hospitals, and other health care providers. Providers that exceed revenue limits based on two-year average revenue data shall be required by the commissioner to pay back the amount overspent during the following calendar year. The commissioner may approve a different repayment schedule for a health care provider that takes into account the provider's financial condition. For those providers subject to fee limits established by the commissioner, the commissioner may adjust the percentage increase in the fee schedule to account for changes in utilization. The commissioner may adopt rules in order to enforce this section.

Sec. 6. [APPLICABILITY OF OTHER LAWS.]

Except as expressly provided in rules adopted under this chapter, to the extent that a provider provides services in the regulated all-payer system, the provider is subject to all other statutes and rules that apply to providers of that type on the effective date of this section, including, as applicable, Minnesota Statutes, sections 62J.17 and 62J.23.

Sec. 7. [STUDY OF THE TRANSITION TO AN ALL-PAYER SYSTEM.]

The Minnesota health care commission shall study issues related to the transition to an all-payer system and shall report to the legislature and the governor by February 1, 1994. The report must include, but is not limited to, recommendations to minimize any financial and administrative burden of an all-payer system on providers in areas of the state without integrated service networks, increase the availability of integrated service networks in rural areas of the state, encourage the development of provider-managed integrated service networks, and ensure continued access to necessary health care services in all areas of the state.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day following final enactment.

ARTICLE 3

DATA COLLECTION AND COST CONTROL INITIATIVES

Section 1. Minnesota Statutes 1992, section 62J.03, subdivision 6, is amended to read:

Subd. 6. [GROUP PURCHASER.] "Group purchaser" means a person or organization that purchases health care services on behalf of an identified group of persons, regardless of whether the cost of coverage or services is paid for by the purchaser or by the persons receiving coverage or services, as further defined in rules adopted by the commissioner. "Group purchaser" includes, but is not limited to, integrated service networks; health insurance companies; health maintenance organizations; nonprofit health service plan corporations; and other health plan companies; employee health plans offered by self-insured employers; trusts established in a collective bargaining agreement under the federal Labor-Management Relations Act of 1947, United States Code, title 29, section 141, et seq.; the Minnesota comprehensive health association; group health coverage offered by fraternal organizations, professional associations, or other organizations; state and federal health care programs; state and local public employee health plans; workers' compensation plans; and the medical component of automobile insurance coverage.

Sec. 2. Minnesota Statutes 1992, section 62J.04, subdivision 1, is amended to read:

Subdivision 1. [~~COMPREHENSIVE BUDGET LIMITS ON THE RATE OF GROWTH.~~] (a) The commissioner of health shall set ~~an annual limit~~ limits on the rate of growth of public and private spending on health care services for Minnesota residents, as provided in paragraph (b). The ~~limit~~ limits on growth must be set at ~~a level~~ levels the commissioner determines to be realistic and achievable but that will slow reduce the current rate of growth in health care spending by at least ten percent per year using the spending growth rate for 1991 as a base year. This limit must be achievable through good faith, cooperative efforts of health care consumers, purchasers, and providers for the next five years. The commissioner shall set limits on growth based on available data on spending and growth trends, including data from group purchasers, national data on public and private sector health care spending and cost trends, and trend information from other states.

(b) The commissioner shall set the following annual limits on the rate of growth of public and private spending on health care services for Minnesota residents:

(1) for calendar year 1994, the rate of growth must not exceed the change in the regional consumer price index for urban consumers for calendar year 1993 plus 6.5 percentage points;

(2) for calendar year 1995, the rate of growth must not exceed the change in the regional consumer price index for urban consumers for calendar year 1994 plus 5.3 percentage points;

(3) for calendar year 1996, the rate of growth must not exceed the change in the regional consumer price index for urban consumers for calendar year 1995 plus 4.3 percentage points;

(4) for calendar year 1997, the rate of growth must not exceed the change in the regional consumer price index for urban consumers for calendar year 1996 plus 3.4 percentage points; and

(5) for calendar year 1998, the rate of growth must not exceed the change in the regional consumer price index for urban consumers for calendar year 1997 plus 2.6 percentage points.

If the health care financing administration forecast for the total growth in national health expenditures for a calendar year is lower than the rate of growth for the calendar year as specified in clauses (1) to (5), the commissioner shall adopt this forecast as the growth limit for that calendar year. The commissioner shall adjust the growth limit set for calendar year 1995 to recover savings in health care spending required for the period July 1, 1993 to December 31, 1993. The commissioner shall publish:

(1) the projected limits in the State Register by April 15 of the year immediately preceding the year in which the limit will be effective except for the year 1993, in which the limit shall be published by July 1, 1993;

(2) the quarterly change in the regional consumer price index for urban consumers; and

(3) the health care financing administration forecast for total growth in the national health care expenditures. In setting an annual limit, the commissioner is exempt from the rulemaking requirements of chapter 14. The commissioner's decision on an annual limit is not appealable.

Sec. 3. Minnesota Statutes 1992, section 62J.04, is amended by adding a subdivision to read:

Subd. 1a. [ADJUSTED GROWTH LIMITS AND ENFORCEMENT.] (a) The commissioner shall publish the final adjusted growth limit in the State Register by January 15 of the year that the expenditure limit is to be in effect. The adjusted limit must reflect the actual regional Consumer Price Index for urban consumers for the previous calendar year, and may deviate from the previously published projected growth limits to reflect differences between the actual regional Consumer Price Index for urban consumers and the projected Consumer Price Index for urban consumers. The commissioner shall report to the legislature by January 15 of each year on the projected increase in health care expenditures, the implementation of growth limits, and the reduction in the trend in the growth based on the limits imposed.

(b) The commissioner shall enforce limits on growth in spending and revenues for integrated service networks and for the regulated all-payer system. If the commissioner determines that artificial inflation or padding of costs or prices has occurred in anticipation of the implementation of growth limits, the commissioner may adjust the base year spending totals or growth limits or take other action to reverse the effect of the artificial inflation or padding.

(c) The commissioner shall impose and enforce overall limits on growth in revenues and spending for integrated service networks, with adjustments for changes in enrollment, benefits, severity, and risks. If an integrated service network exceeds a spending limit, the commissioner may reduce future limits on growth in aggregate premium revenues for that integrated service network by up to the amount overspent. If the integrated service network system exceeds a systemwide spending limit, the commissioner may reduce future limits on growth in premium revenues for the integrated service network system by up to the amount overspent.

(d) The commissioner shall set prices, utilization controls, and other requirements for the regulated all-payer system to ensure that the overall costs of this system, after adjusting for changes in population, severity, and risk, do not exceed the growth limits. If spending growth limits for a calendar year are exceeded, the commissioner may reduce reimbursement rates or otherwise recoup overspending for all or part of the next calendar year, to recover in savings up to the amount of money overspent. To the extent possible, the commissioner may reduce reimbursement rates or otherwise recoup overspending from individual providers who exceed the spending growth limits.

Sec. 4. Minnesota Statutes 1992, section 62J.04, subdivision 2, is amended to read:

Subd. 2. [DATA COLLECTION BY COMMISSIONER.] For purposes of setting forecasting rates of growth in health care spending and setting limits under this section subdivisions 1 and 1a, the commissioner shall may collect from all Minnesota health care providers data on patient revenues and health care spending received during a time period specified by the commissioner. The commissioner shall may also collect data on health care revenues and spending from all group purchasers of health care. All Health care providers and group purchasers doing business in the state shall provide the data requested by the commissioner at the times and in the form specified by the commissioner. Professional licensing boards and state agencies responsible for licensing, registering, or regulating providers shall cooperate fully with the commissioner in achieving compliance with the reporting requirements.

Subd. 2a. [FAILURE TO PROVIDE DATA.] The intentional failure to provide reports the data requested under this section chapter is grounds for revocation of a license or other disciplinary or regulatory action against a regulated provider. The commissioner may assess a fine against a provider who refuses to provide information data required by the commissioner under this section. If a provider refuses to provide a report or information the data required under this section, the commissioner may obtain a court order requiring the provider to produce documents and allowing the commissioner to inspect the records of the provider for purposes of obtaining the information data required under this section.

Subd. 2b. [DATA PRIVACY.] All data received under this section or under section 62J.37, 62J.38, 62J.41, or 62J.42 is private or nonpublic, trade secret information under section 13.37 as applicable. The commissioner shall establish procedures and safeguards to ensure that data provided to the Minnesota health care commission released by the commissioner is in a form that does not identify individual specific patients, providers, employers, purchasers, or other specific individuals and organizations, except with the permission of the affected individual or organization, or as permitted elsewhere in this chapter.

Sec. 5. [62J.045] [MEDICAL EDUCATION AND RESEARCH COSTS.]

Subdivision 1. [PURPOSE.] The legislature finds that all health care stakeholders, as well as society at large, benefit from medical education and health care research. The legislature further finds that the cost of medical education and research should not be borne by a few hospitals or medical centers but should be fairly allocated across the health care system.

Subd. 2. [DEFINITION.] For purposes of this section, "health care research" means research that is not subsidized from private grants, donations, or other outside research sources but is funded by patient out-of-pocket expenses or a third party payer and has been approved by an institutional review board certified by the United States Department of Health and Human Services.

Subd. 3. [COST ALLOCATION FOR EDUCATION AND RESEARCH.] By January 1, 1994, the commissioner of health, in consultation with the health care commission and the health technology advisory committee, shall:

(1) develop mechanisms to gather data and to identify the annual cost of medical education and research conducted by hospitals, medical centers, or health maintenance organizations;

(2) determine a percentage of the annual rate of growth established under section 62J.04 to be allocated for the cost of education and research and develop a method to assess the percentage from each group purchaser;

(3) develop mechanisms to collect the assessment from group purchasers to be deposited in a separate education and research fund; and

(4) develop a method to allocate the education and research fund to specific health care providers.

Sec. 6. Minnesota Statutes 1992, section 62J.09, is amended by adding a subdivision to read:

Subdivision 1a. [DUTIES RELATED TO COST CONTAINMENT.] (a) [ALLOCATION OF REGIONAL SPENDING LIMITS.] Regional coordinating boards may advise the commissioner regarding allocation of annual regional limits on the rate of growth for providers in the regulated all-payer system in order to:

(1) achieve communitywide and regional public health goals consistent with those established by the commissioner; and

(2) promote access to and equitable reimbursement of preventive and primary care providers.

(b) [TECHNICAL ASSISTANCE.] Regional coordinating boards, in cooperation with the commissioner, shall provide technical assistance to parties interested in establishing or operating an integrated service network within the region. This assistance must complement assistance provided by the commissioner under section 62N.23.

Sec. 7. Minnesota Statutes 1992, section 62J.33, is amended to read:

62J.33 [TECHNICAL ASSISTANCE INFORMATION ON COST AND QUALITY FOR PURCHASERS.]

Subdivision 1. [HEALTH CARE ANALYSIS UNIT.] The health care analysis unit shall provide technical assistance information to health plan and health care assist group purchasers and consumers in making informed decisions regarding purchasing of health care services. The unit shall provide information allowing comparisons between integrated service networks and between health care services and systems. The unit shall collect information about:

(1) premiums, benefit levels, patient or enrollee satisfaction, managed care procedures, health care outcomes, and other features of popular integrated service networks, health plans, and health carriers; and

(2) prices, outcomes, provider experience, and other information for services less commonly covered by insurance or for which patients commonly face significant out-of-pocket expenses; and

(3) information on health care services not provided through integrated service networks, including information on prices, costs, expenditures, utilization, quality of care, and outcomes.

The commissioner shall publicize this information in an easily understandable format.

Subd. 2. [INFORMATION CLEARINGHOUSE.] The commissioner of health shall establish an information clearinghouse within the department of health to facilitate the ability of consumers, employers, providers, health carriers, and others to obtain information on health care costs and quality in Minnesota. The commissioner shall make available through the clearinghouse information developed or collected by the department of health on practice parameters, outcomes data and research, the costs and quality of integrated service networks, reports or recommendations of the health technology advisory committee and other entities on technology assessments, worksite

wellness and prevention programs, other wellness programs, consumer education, and other initiatives. The clearinghouse shall, upon request, make available information submitted voluntarily by health plans, providers, employers, and others if the information clearly states that an entity other than the state submitted the information, identifies the entity, and states that distribution by the clearinghouse does not imply endorsement of the entity or the information by the commissioner of health or the state of Minnesota. The clearinghouse shall also refer requesters to sources of further information or assistance. The clearinghouse is subject to chapter 13.

Sec. 8. [62].35 [DATA COLLECTION.]

Subdivision 1. [CONTRACTING.] The commissioner may contract with private organizations to carry out the data collection initiatives required by this chapter. The commissioner shall require in the contract that organizations under contract adhere to the data privacy requirements established under this chapter and chapter 13.

Subd. 2. [EMERGENCY RULES.] The commissioner shall adopt permanent rules and may adopt emergency rules to implement the data collection and reporting requirements in this chapter. The commissioner may combine all data reporting and collection requirements into a unified process so as to minimize duplication and administrative costs.

Sec. 9. [62].37 [DATA FROM INTEGRATED SERVICE NETWORKS.]

The commissioner shall require integrated service networks operating under section 62N.06, subdivision 1, to submit data on health care spending and revenue for calendar year 1994 by February 15, 1995. Each February 15 thereafter, integrated service networks shall submit to the commissioner data on health care spending and revenue for the preceding calendar year. The data must be provided in the form specified by the commissioner. To the extent that an integrated service network is operated by a group purchaser under section 62N.06, subdivision 2, the integrated service network is exempt from this section and the group purchaser must provide data on the integrated service network under section 62J.38.

Sec. 10. [62].38 [DATA FROM GROUP PURCHASERS.]

(a) The commissioner shall require group purchasers to submit detailed data on total health care spending for calendar years 1990, 1991, and 1992, and for calendar year 1993 and successive calendar years. Group purchasers shall submit data for the 1993 calendar year by February 15, 1994, and each April 1 thereafter shall submit data for the preceding calendar year.

(b) The commissioner shall require each group purchaser to submit data on revenue, expenses, and member months, as applicable. Revenue data must distinguish between premium revenue and revenue from other sources and must also include information on the amount of revenue in reserves and changes in reserves. Expenditure data, including raw data from claims, must be provided separately for the following categories: physician services, dental services, other professional services, inpatient hospital services, outpatient hospital services, emergency and out-of-area care, pharmacy services and prescription drugs, mental health services, chemical dependency services, other expenditures, and administrative costs.

(c) State agencies and all other group purchasers shall provide the required data using a uniform format and uniform definitions, as prescribed by the commissioner.

Sec. 11. [62].40 [DATA FROM STATE AGENCIES.]

In addition to providing the data required under section 62J.38, the commissioners of human services, commerce, labor and industry, and employee relations and all other state departments or agencies that administer one or more health care programs shall provide to the commissioner of health any additional data on the health care programs they administer that is requested by the commissioner of health, including data in unaggregated form, for purposes of developing estimates of spending, setting spending limits, and monitoring actual spending. The data must be provided at the times and in the form specified by the commissioner of health.

Sec. 12. [62].41 [DATA FROM PROVIDERS.]

Subdivision 1. [DATA TO BE COLLECTED FROM PROVIDERS.] The commissioner shall require health care providers to collect and provide both patient specific information and descriptive and financial aggregate data on:

(1) the total number of patients served;

- (2) the total number of patients served by state of residence and Minnesota county;
- (3) the site or sites where the health care provider provides services;
- (4) the number of individuals employed, by type of employee, by the health care provider;
- (5) the services and their costs for which no payment was received;
- (6) total revenue by type of payer, including but not limited to, revenue from Medicare, medical assistance, MinnesotaCare, nonprofit health service plan corporations, commercial insurers, integrated service networks, health maintenance organizations, and individual patients;
- (7) revenue from research activities;
- (8) revenue from educational activities;
- (9) revenue from out-of-pocket payments by patients;
- (10) revenue from donations; and
- (11) any other data required by the commissioner, including data in unaggregated form, for the purposes of developing spending estimates, setting spending limits, monitoring actual spending, and monitoring costs and quality.

Subd. 2. [ANNUAL MONITORING AND ESTIMATES.] The commissioner shall require health care providers to submit the required data for the period July 1, 1993 to December 31, 1993, by February 15, 1994. Health care providers shall submit data for the 1994 calendar year by February 15, 1995, and each February 15 thereafter shall submit data for the preceding calendar year. The commissioner of revenue may collect health care service revenue data from health care providers, if the commissioner of revenue and the commissioner agree that this is the most efficient method of collecting the data. The commissioner of revenue shall provide any data collected to the commissioner of health.

Subd. 3. [PUBLIC HEALTH GOALS.] The commissioner shall establish specific public health goals including, but not limited to, increased delivery of prenatal care, improved birth outcomes, and expanded childhood immunizations. The commissioner shall consider the community public health goals and the input of the statewide advisory committee on community health in establishing the statewide goals. The commissioner shall require health care providers and integrated service networks to maintain and periodically report information on changes in health outcomes related to specific public health goals. The information must be provided at the times and in the form specified by the commissioner.

Subd. 4. [REGIONAL PUBLIC HEALTH GOALS.] The regional coordinating boards shall adopt regional public health goals, taking into consideration the relevant portions of the community health service plans, plans required by the Minnesota comprehensive adult mental health act and the Minnesota comprehensive children's mental health act, and community social service act plans developed by county boards or community health boards in the region under chapters 145A, 245, and 256E.

Sec. 13. [62].42] [QUALITY, UTILIZATION, AND OUTCOME DATA.]

The commissioner shall also require group purchasers and health care providers to maintain and periodically report information on quality of care, utilization, and outcomes. The information must be provided at the times and in the form specified by the commissioner.

Sec. 14. [62].44] [PUBLICATION OF DATA.]

(a) Notwithstanding section 62].04, subdivision 2b, the commissioner may publish data on health care costs and spending, quality and outcomes, and utilization for health care institutions, individual health care professionals and groups of health care professionals, group purchasers, and integrated service networks, with a description of the methodology used for analysis, in order to provide information to purchasers and consumers of health care. The commissioner shall not reveal the name of an institution, group of professionals, individual health care professional, group purchaser, or integrated service network until after the institution, group of professionals, individual health care professional, group purchaser, or integrated service network has had 15 days to review the data and comment. The commissioner shall include any comments received in the release of the data.

(b) Summary data derived from data collected under this chapter may be provided under section 13.05, subdivision 7, and may be released in studies produced by the commissioner or otherwise in accordance with chapter 13.

Sec. 15. [62J.45] [DATA INSTITUTE.]

Subdivision 1. [STATEMENT OF PURPOSE.] It is the intention of the legislature to create a public-private mechanism for the collection of health care costs, quality, and outcome data, to the extent administratively efficient and effective. This integrated data system will provide clear, usable information on the cost, quality, and structure of health care services in Minnesota.

The health reform initiatives being implemented rely heavily on the availability of valid, objective data that currently are collected in many forms within the health care industry. Data collection needs cannot be efficiently met by undertaking separate data collection efforts.

The data institute created in this section will be a partnership between the commissioner of health and a board of directors representing health carriers and other group purchasers, health care providers, and consumers. These entities will work together to establish a centralized cost and quality data system that will be used by the public and private sectors. The data collection advisory committee and the practice parameter advisory committee shall provide assistance to the institute through the commissioner of health.

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

(a) "Board" means the board of directors of the data institute.

(b) "Encounter level data" means data related to the utilization of health care services by, and the provision of health care services to individual patients, enrollees, or insureds, including claims data, abstracts of medical records, and data from patient interviews and patient surveys.

(c) "Health carrier" has the definition provided in section 62A.011, subdivision 2.

Subd. 3. [OBJECTIVES OF THE DATA INSTITUTE.] The data institute shall:

(1) provide direction and coordination for public and private sector data collection efforts;

(2) establish a data system that electronically transmits, collects, archives, and provides users of data with the data necessary for their specific interests, in order to promote a high quality, cost-effective, consumer-responsive health care system;

(3) use and build upon existing data sources and quality measurement efforts, and improve upon these existing data sources and measurement efforts through the integration of data systems and the standardization of concepts, to the greatest extent possible;

(4) ensure that each segment of the health care industry can obtain data for appropriate purposes in a useful format and timely fashion;

(5) protect the privacy of individuals and minimize administrative costs; and

(6) develop a public/private information system to:

(i) make health care claims processing and financial settlement transactions more efficient;

(ii) provide an efficient, unobtrusive method for meeting the shared data needs of the state, consumers, employers, providers, and group purchasers;

(iii) provide the state, consumers, employers, providers, and group purchasers with information on the cost, appropriateness and effectiveness of health care, and wellness and cost containment strategies;

(iv) provide employers with the capacity to analyze benefit plans and work place health; and

(v) provide researchers and providers with the capacity to analyze clinical effectiveness.

The institute shall carry out these activities in accordance with the recommendations of the data collection plan developed by the data collection advisory committee, the Minnesota health care commission, and the commissioner of health, under subdivision 4.

Subd. 4. [DATA COLLECTION PLAN.] The commissioner, in consultation with the board of the institute and the data collection advisory committee, shall develop and implement a plan that:

(1) provides data collection objectives, strategies, priorities, cost estimates, administrative and operational guidelines, and implementation timelines for the data institute; and

(2) identifies the encounter level data needed for the commissioner to carry out the duties assigned in this chapter.

The plan must take into consideration existing data sources and data sources that can easily be made uniform for linkages to other data sets.

This plan shall be prepared by October 31, 1993.

Subd. 5. [COMMISSIONER'S DUTIES.] (a) The commissioner shall establish a public/private data institute in conjunction with health care providers, health carriers and other group purchasers, and consumers, to collect and process encounter level data that are required to be submitted to the commissioner under this chapter. The commissioner shall not collect encounter level data from individual health care providers until standardized forms and procedures are available. The commissioner shall establish a board of directors comprised of members of the public and private sector to provide oversight for the administration and operation of the institute.

(b) Until the data institute is operational, the commissioner may collect encounter level data required to be submitted under this chapter.

(c) The commissioner, with the advice of the board, shall establish policies for the disclosure of data to consumers, purchasers, providers, integrated service networks, and plans for their use in analysis to meet the goals of this chapter, as well as for the public disclosure of data to other interested parties. The disclosure policies shall ensure that consumers, purchasers, providers, integrated service networks, and plans have access to institute data for use in analysis to meet the goals of this chapter at the same time that data is provided to the data analysis unit in the department of health.

(d) The commissioner, with the advice of the board, may require those requesting data from the institute to contribute toward the cost of data collection through the payments of fees. Entities supplying data to the institute shall not be charged more than the actual transaction cost of providing the data requested.

(e) The commissioner may intervene in the direct operation of the institute, if this is necessary in the judgment of the commissioner to accomplish the institute's duties. If the commissioner intends to depart from the advice and recommendations of the board, the commissioner shall inform the board of the intended departure, provide the board with a written explanation of the reasons for the departure, and give the board the opportunity to comment on the departure.

Subd. 6. [BOARD OF DIRECTORS.] The institute is governed by a 20-member board of directors consisting of the following members:

(1) two representatives of hospitals, one appointed by the Minnesota Hospital Association and one appointed by the Metropolitan HealthCare Council, to reflect a mix of urban and rural institutions;

(2) four representatives of health carriers, two appointed by the Minnesota Council of Health Maintenance Organizations, one appointed by Blue Cross Blue Shield, and one appointed by the Insurance Federation of Minnesota;

(3) two consumer members, one appointed by the commissioner, and one appointed by the AFL-CIO as a labor union representative;

(4) five group purchaser representatives appointed by the Minnesota Consortium of Healthcare Purchasers to reflect a mix of urban and rural, large and small, and self-insured purchasers;

(5) two physicians appointed by the Minnesota Medical Association, to reflect a mix of urban and rural practitioners;

(6) one representative of teaching and research institutions, appointed jointly by the Mayo Foundation and the Minnesota Association of Public Teaching Hospitals;

(7) one nursing representative appointed by the Minnesota Nurses Association; and

(8) three representatives of state agencies, one member representing the department of employee relations, one member representing the department of human services, and one member representing the department of health.

Subd. 7. [TERMS; COMPENSATION; REMOVAL; AND VACANCIES.] The board is governed by section 15.0575.

Subd. 8. [STAFF.] The board may hire an executive director. The executive director is not a state employee but is covered by section 3.736. The executive director may participate in the following plans for employees in the unclassified service: the state retirement plan, the state deferred compensation plan, and the health insurance and life insurance plans. The attorney general shall provide legal services to the board.

Subd. 9. [DUTIES.] The board shall provide assistance to the commissioner in developing and implementing a plan for the public/private information system. In addition, the board shall make recommendations to the commissioner on:

(1) the purpose of initiating a data collection initiatives;

(2) the expected benefit to the state from the initiatives;

(3) the methodology needed to ensure the validity of the initiative without creating an undue burden to providers and payors;

(4) the most appropriate method of collecting the necessary data; and

(5) the projected cost to the state, health care providers, health carriers, and other group purchasers to complete the initiative.

Subd. 10. [DATA COLLECTION.] The commissioner, in consultation with the data institute board, may select a vendor to:

(1) collect the encounter level data required to be submitted by group purchasers under sections 62J.38 and 62J.42, state agencies under section 62J.40, and health care providers under sections 62J.41 and 62J.42, using, to the greatest extent possible, standardized forms and procedures;

(2) collect the encounter level data required for the initiatives of the health care analysis unit, under sections 62J.30 to 62J.34, using, to the greatest extent possible, standardized forms and procedures;

(3) process the data collected to ensure validity, consistency, accuracy, and completeness, and as appropriate, merge data collected from different sources;

(4) provide unaggregated, encounter level data to the health care analysis unit within the department of health; and

(5) carry out other duties assigned in this section.

Subd. 11. [USE OF DATA.] (a) The board of the data institute, with the advice of the data collection advisory committee and the practice parameter advisory committee through the commissioner, is responsible for establishing the methodology for the collection of the data and is responsible for providing direction on what data would be useful to the plans, providers, consumers, and purchasers.

(b) The health care analysis unit is responsible for the analysis of the data and the development and dissemination of reports.

(c) The commissioner, in consultation with the board, shall determine when and under what conditions data disclosure to group purchasers, health care providers, consumers, researchers, and other appropriate parties may occur to meet the state's goals. The commissioner may require users of data to contribute toward the cost of data collection through the payment of fees. The commissioner shall require users of data to maintain the data according to the data privacy provisions applicable to the data.

Subd. 12. [CONTRACTING.] The commissioner, in consultation with the board, may contract with private sector entities to carry out the duties assigned in this section. The commissioner shall diligently seek to enter into contracts with private sector entities. Any contract must list the specific data to be collected and the methods to be used to collect and validate the data. Any contract must require the private sector entity to maintain the data collected according to the data privacy provisions applicable to the data.

Subd. 13. [DATA PRIVACY.] The board and the institute are subject to chapter 13.

Subd. 14. [STANDARDS FOR DATA RELEASE.] The data institute shall adopt standards for the collection, by the institute, of data on costs, spending, quality, outcomes, and utilization. The data institute shall also adopt standards for the analysis and dissemination, by private sector entities, of data on costs, spending, quality, outcomes, and utilization provided to the private sector entities by the data institute. Both sets of standards must be consistent with data privacy requirements.

Subd. 15. [INFORMATION CLEARINGHOUSE.] The commissioner shall coordinate the activities of the data institute with the activities of the information clearinghouse established in section 62J.33, subdivision 2.

Subd. 16. [FEDERAL AND OTHER GRANTS.] The commissioner, in collaboration with the board, shall seek federal funding and funding from private and other nonstate sources for the initiatives required by the board.

Sec. 16. [62J.46] [MONITORING AND REPORTS.]

Subdivision 1. [LONG-TERM CARE COSTS.] The commissioner, with the advice of the interagency long-term care planning committee established under section 144A.31, shall use existing state data resources to monitor trends in public and private spending on long-term care costs and spending in Minnesota. The commissioner shall recommend to the legislature any additional data collection activities needed to monitor these trends. State agencies collecting information on long-term care spending and costs shall coordinate with the interagency long-term care planning committee and the commissioner to facilitate the monitoring of long-term care expenditures in the state.

Subd. 2. [COST SHIFTING.] The commissioner shall monitor the extent to which reimbursement rates for government health care programs lead to the shifting of costs to private payers. By January 1, 1995, the commissioner shall report any evidence of cost shifting to the legislature and make recommendations on adjustments to the cost containment plan that should be made due to cost shifting.

Sec. 17. Laws 1992, chapter 549, article 7, section 9, is amended to read:

Sec. 9. [STUDY OF ADMINISTRATIVE COSTS.]

The health care data analysis unit shall study costs and requirements incurred by health carriers, group purchasers, and health care providers that are related to the collection and submission of information to the state and federal government, insurers, and other third parties. The data analysis unit shall also evaluate and make recommendations related to cost-savings and efficiencies that may be achieved through streamlining and consolidating health care administrative, payment, and data collection systems. The unit shall recommend to the commissioner of health and the Minnesota health care commission by January 1, 1994, any reforms that may reduce these costs produce cost-savings and efficiencies without compromising the purposes for which the information is collected.

Sec. 18. [INSTRUCTION TO REVISOR.]

(a) The revisor of statutes shall insert section 62J.04, subdivisions 2, 2a, and 2b, as subdivisions 1, 2, and 3 in section 62J.35, and renumber the other subdivisions of section 62J.35 as subdivisions 4 and 5 of that section in the next and subsequent editions of Minnesota Statutes.

(b) The revisor of statutes is directed to change the words "health care analysis unit" to "data analysis unit" whenever they appear in the next edition of Minnesota Statutes.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 17 are effective the day following final enactment.

ARTICLE 4

TECHNOLOGY ADVISORY COMMITTEE

Section 1. Minnesota Statutes 1992, section 62J.03, is amended by adding a subdivision to read:

Subd. 9. [SAFETY.] "Safety" means a judgment of the acceptability of risk of using a technology in a specified situation.

Sec. 2. Minnesota Statutes 1992, section 62J.15, subdivision 1, is amended to read:

Subdivision 1. [HEALTH PLANNING TECHNOLOGY ADVISORY COMMITTEE.] The Minnesota health care commission shall convene an advisory committee to make recommendations regarding the use and distribution conduct evaluations of existing research and technology assessments conducted by other entities of new and existing health care technologies and procedures and major capital expenditures by providers. The advisory committee may include members of the state commission and other persons appointed by the commission. The advisory committee must include at least one person representing physicians, at least one person representing hospitals, and at least one person representing the health care technology industry. Health care technologies and procedures include high-cost pharmaceuticals, organ and other high cost transplants, high cost drugs, devices, procedures, or processes applied to human health care procedures and devices excluding United States Food and Drug Administration approved implantable or wearable medical devices, such as high-cost transplants and expensive, large scale technologies such as scanners and imagers. The advisory committee is governed by section 15.0575, subdivision 3, except that members do not receive per diem payments.

Sec. 3. Minnesota Statutes 1992, section 625.15, is amended by adding a subdivision to read:

Subd. 1a. [DEFINITION.] For purposes of sections 62J.15 to 62J.156, the terms "evaluate," "evaluation," and "evaluating" mean the review or reviewing of research and technology assessments conducted by other entities relating to specific technologies and their specific use and application.

Sec. 4. [62J.152] [DUTIES OF HEALTH TECHNOLOGY ADVISORY COMMITTEE.]

Subdivision 1. [GENERALLY.] The health technology advisory committee established in section 62J.15 shall:

- (1) develop criteria and processes for evaluating health care technology assessments made by other entities;
- (2) conduct evaluations of specific technologies and their specific use and application;
- (3) report the results of the evaluations to the commissioner and the Minnesota health care commission; and
- (4) carry out other duties relating to health technology assigned by the commission.

Subd. 2. [PRIORITIES FOR DESIGNATING TECHNOLOGIES FOR ASSESSMENT.] The health technology advisory committee shall consider the following criteria in designating technologies for evaluation:

- (1) the level of controversy within the medical or scientific community, including questionable or undetermined efficacy;
- (2) the cost implications;
- (3) the potential for rapid diffusion;
- (4) the impact on a substantial patient population;
- (5) the existence of alternative technologies;
- (6) the impact on patient safety and health outcome;
- (7) the public health importance;

- (8) the level of public and professional demand;
- (9) the social, ethical, and legal concerns; and
- (10) the prevalence of the disease or condition.

The committee may give different weights or attach different importance to each of the criteria, depending on the technology being considered. The committee shall consider any additional criteria approved by the commissioner and the Minnesota health care commission.

Subd. 3. [CRITERIA FOR EVALUATING TECHNOLOGY.] In developing the criteria for evaluating specific technologies, the health technology advisory committee shall consider safety, improvement in health outcomes, and the degree to which a technology is clinically effective and cost-effective, and other factors.

Subd. 4. [TECHNOLOGY EVALUATION PROCESS.] (a) The health technology advisory committee shall collect and evaluate studies and research findings on the technologies selected for evaluation from as wide of a range of sources as needed, including, but not limited to: federal agencies or other units of government, international organizations conducting health care technology assessments, health carriers, insurers, manufacturers, professional and trade associations, nonprofit organizations, and academic institutions. The health technology advisory committee may use consultants or experts and solicit testimony or other input as needed to evaluate a specific technology.

(b) When the evaluation process on a specific technology has been completed, the health technology advisory committee shall submit a preliminary report to the health care commission and publish a summary of the preliminary report in the State Register with a notice that written comments may be submitted. The preliminary report must include the results of the technology assessment evaluation, studies and research findings considered in conducting the evaluation, and the health technology advisory committee's summary statement about the evaluation. Any interested persons or organizations may submit to the health technology advisory committee written comments regarding the technology evaluation within 30 days from the date the preliminary report was published in the State Register. The health technology advisory committee's final report on its technology evaluation must be submitted to the health care commission. A summary of written comments received by the health technology advisory committee within the 30-day period must be included in the final report. The health care commission shall review the final report and prepare its comments and recommendations. Before completing its final comments and recommendations, the health care commission shall provide adequate public notice that testimony will be accepted by the health care commission. The health care commission shall then forward the final report, its comments and recommendations, and a summary of the public's comments to the commissioner and information clearinghouse.

(c) The reports of the health technology advisory committee and the comments and recommendations of the health care commission should not eliminate or bar new technology, and are not rules as defined in the administrative procedure act.

Subd. 5. [USE OF TECHNOLOGY EVALUATION.] (a) The final report on the technology evaluation and the commission's comments and recommendations may be used:

- (1) by the commissioner in retrospective and prospective review of major expenditures;
- (2) by integrated service networks and other group purchasers and by employers, in making coverage, contracting, purchasing, and reimbursement decisions;
- (3) by government programs and regulators of the regulated all-payer system, in making coverage, contracting, purchasing, and reimbursement decisions;
- (4) by the commissioner and other organizations in the development of practice parameters;
- (5) by health care providers in making decisions about adding or replacing technology and the appropriate use of technology;
- (6) by consumers in making decisions about treatment;
- (7) by medical device manufacturers in developing and marketing new technologies; and
- (8) as otherwise needed by health care providers, health care plans, consumers, and purchasers.

(b) At the request of the commissioner, the health care commission, in consultation with the health technology advisory committee, shall submit specific recommendations relating to technologies that have been evaluated under this section for purposes of retrospective and prospective review of major expenditures and coverage, contracting, purchasing, and reimbursement decisions affecting state programs and the all-payer system.

Subd. 6. [APPLICATION TO THE REGULATED ALL-PAYER SYSTEM.] The health technology advisory committee shall recommend to the Minnesota health care commission and the commissioner methods to control the diffusion and use of technology within the regulated all-payer system for services provided outside of an integrated service network.

Subd. 7. [DATA GATHERING.] In evaluating a specific technology, the health technology advisory committee may seek the use of data collected by manufacturers, health plans, professional and trade associations, nonprofit organizations, academic institutions, or any other organization or association that may have data relevant to the committee's technology evaluation. All information obtained under this subdivision shall be considered nonpublic data under section 13.02, subdivision 9, unless the data is already available to the public generally or upon request.

Sec. 5. [62].156 [CLOSED COMMITTEE HEARINGS.]

Notwithstanding section 471.705, the health technology advisory committee may meet in closed session to discuss a specific technology or procedure that involves data received under section 62].152, subdivision 7, that have been classified as nonpublic data, where disclosure of the data would cause harm to the competitive or economic position of the source of the data.

Sec. 6. [USE AND DISTRIBUTION OF HEALTH TECHNOLOGY.]

The health care commission, in consultation with the health technology advisory committee, shall submit a report to the legislature and the governor by January 15, 1994, regarding the necessity of a health technology advisory committee to address the use and distribution of health technology under a system of integrated service networks with global limits on growth, and in a regulated all-payer system. The report may also include recommendations for the future role of the health technology advisory committee, and further changes, programs, or activities that may be necessary to ensure that the use and distribution of health technology in Minnesota is consistent with the state's cost containment goals. In preparing the report, the health care commission shall consult with the medical technology industry in Minnesota for its input and reactions.

Sec. 7. [REPEALER.]

Minnesota Statutes 1992, section 62].15, subdivision 2, is repealed.

ARTICLE 5

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, 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 health technology advisory committee, 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, and a member of the health technology advisory committee.

(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 1992, section 43A.17, is amended by adding a subdivision to read:

Subd. 11. [ACTUARIES.] Actuaries employed by the department of health, human services, or commerce are not subject to subdivision 1.

Sec. 3. Minnesota Statutes 1992, section 60K.14, is amended by adding a subdivision to read:

Subd. 7. Before selling, or offering to sell, any health insurance or a health plan as defined in section 62A.011, subdivision 3, an agent shall disclose to the prospective purchaser the amount of any commission or other compensation the agent will receive as a direct result of the sale. The disclosure may be expressed in dollars or as a percentage of the premium. The amount disclosed need not include any anticipated renewal commissions.

Sec. 4. [62A.024] [RATE DISCLOSURE.] If any health carrier, as defined in section 62A.011, informs a policyholder or contract holder that a rate increase is due to a statutory change, the health carrier must disclose the specific amount of the rate increase directly due to the statutory change and must identify the specific statutory change. This disclosure must also separate any rate increase due to medical inflation or other reasons from the rate increase directly due to statutory changes in chapter 62A, 62C, 62D, 62E, 62H, 62J, 62L, or 64B.

Sec. 5. Minnesota Statutes 1992, section 62C.16, is amended by adding a subdivision to read:

Subd. 4. [RETALIATORY ACTION PROHIBITED.] No service plan corporation may take retaliatory action against a provider solely on the grounds that the provider disseminated accurate information regarding coverage of benefits or accurate benefit limitations of a subscriber's contract or accurate interpretations of the provider agreement that limit the prescribing, providing, or ordering of care.

Sec. 6. Minnesota Statutes 1992, section 62D.12, is amended by adding a subdivision to read:

Subd. 17. [DISCLOSURE OF COMMISSIONS.] Any person receiving commissions for the sale of coverage or enrollment in a health maintenance organization shall, before selling or offering to sell coverage or enrollment, disclose to the prospective purchaser the amount of any commission or other compensation the person will receive as a direct result of the sale. The disclosure may be expressed in dollars or as a percentage of the premium. The amount disclosed need not include any anticipated renewal commissions.

Sec. 7. Minnesota Statutes 1992, section 62J.04, subdivision 3, is amended to read:

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

(1) establish statewide and regional limits on growth in total health care spending under this section, monitor regional and statewide compliance with the spending limits, and take action to achieve compliance to the extent authorized by the legislature;

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

(3) provide technical assistance to regional coordinating boards;

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

(5) develop issue recommendations regarding uniform billing forms, uniform electronic billing procedures and data interchanges, patient identification cards, and other uniform claims and administrative procedures for health care providers by January 1, 1993 and private and public sector payers. In developing the recommendations, the commissioner shall review the work of the work group on electronic data interchange (WEDI) and the American National Standards Institute (ANSI) at the national level, and the work being done at the state and local level. The commissioner may adopt rules requiring the use of the Uniform Bill 82/92 form, the National Council of Prescription Drug Providers (NCPDP) 3.2 electronic version, the Health Care Financing Administration 1500 form, or other standardized forms or procedures;

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

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

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

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

(10) within the limits of appropriations for these purposes, administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services, undertake prevention programs including initiatives to improve birth outcomes, expand childhood immunization efforts, and provide start-up grants for worksite wellness programs;

(11) administer the health care analysis unit ~~under Laws 1992, chapter 549, article 7;~~ and

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

Sec. 8. Minnesota Statutes 1992, section 62J.04, subdivision 4, is amended to read:

Subd. 4. [CONSULTATION WITH THE COMMISSION.] Before When the law requires the commissioner of health to consult with the Minnesota health care commission when undertaking any of the duties required under this chapter ~~and chapter 62N,~~ the commissioner of health shall consult with the ~~Minnesota health care~~ commission and obtain the commission's advice and recommendations. If the commissioner intends to depart from the commission's recommendations, the commissioner shall inform the commission of the intended departure, provide a written explanation of the reasons for the departure, and give the commission an opportunity to comment on the intended departure. If, after receiving the commission's comment, the commissioner still intends to depart from the commission's recommendations, the commissioner shall notify each member of the legislative ~~oversight~~ commission on health care access of the commissioner's intent to depart from the recommendations of the Minnesota health care commission. The notice to the legislative ~~oversight~~ commission must be provided at least ten days before the commissioner takes final action. If emergency action is necessary that does not allow the commissioner to obtain the advice and recommendations of the Minnesota health care commission or to provide advance notice and an opportunity for comment as required in this subdivision, the commissioner shall provide a written notice and explanation to the Minnesota health care commission and the legislative ~~oversight~~ commission at the earliest possible time.

Sec. 9. [62J.212] [COLLABORATION ON PUBLIC HEALTH GOALS.]

The commissioner may increase regional spending limits if public health goals for that region are achieved.

Sec. 10. Minnesota Statutes 1992, section 151.21, is amended to read:

151.21 [SUBSTITUTION.]

Subdivision 1. Except as provided in ~~subdivision 2~~ this section, it shall be unlawful for any pharmacist, assistant pharmacist, or pharmacist intern who dispenses prescriptions, drugs, and medicines to substitute an article different from the one ordered, or deviate in any manner from the requirements of an order or prescription without the approval of the prescriber.

Subd. 2. When a pharmacist receives a written prescription on which the prescriber has personally written in handwriting "dispense as written" or "D.A.W.," or an oral prescription in which the prescriber has expressly indicated that the prescription is to be dispensed as communicated, the pharmacist shall dispense the brand name legend drug as prescribed.

Subd. 2 3. A pharmacist who receives a prescription for a brand name legend drug may, with the written or verbal consent of the purchaser, dispense any drug having the same generic name as the brand name drug prescribed if the prescriber has not personally written in handwriting "dispense as written" or "D.A.W." on the prescription or, when an oral prescription is given, has not expressly indicated the prescription is to be dispensed as communicated. A pharmacist who receives a prescription marked "D.A.W." or "dispense as written", or an oral prescription indicating that the prescription is to be dispensed as communicated, may substitute for the prescribed brand name drug a generically equivalent drug product which is manufactured in the same finished dosage form having the same active ingredients and strength by the same manufacturer as the prescribed brand name drug. When a pharmacist receives a written prescription on which the prescriber has not personally written in handwriting "dispense as written" or "D.A.W.," or an oral prescription in which the prescriber has not expressly indicated that the prescription is to be dispensed as communicated, and there is available in the pharmacist's stock a less expensive generically equivalent drug that, in the pharmacist's professional judgment, is safely interchangeable with the prescribed drug, then the pharmacist shall, after disclosing the substitution to the purchaser, dispense the generic drug, unless the purchaser objects. A pharmacist may also substitute pursuant to the oral instructions of the prescriber. A pharmacist may not substitute a generically equivalent drug product unless, in the pharmacist's professional judgment, the substituted drug is therapeutically equivalent and interchangeable to the prescribed drug. A pharmacist shall notify the purchaser if the pharmacist is dispensing a drug other than the brand name drug prescribed.

Subd. 3 4. A pharmacist dispensing a drug under the provisions of subdivision 2 3 shall not dispense a drug of a higher retail price than that of the brand name drug prescribed. If more than one safely interchangeable generic drug is available in a pharmacist's stock, then the pharmacist shall dispense the least expensive alternative. Any difference between acquisition cost to the pharmacist of the drug dispensed and the brand name drug prescribed shall be passed on to the purchaser.

Subd. 5. Nothing in this section requires a pharmacist to substitute a generic drug if the substitution will make the transaction ineligible for third-party reimbursement.

Subd. 6. When a pharmacist dispenses a brand name legend drug and, at that time, a less expensive generically equivalent drug is also available in the pharmacist's stock, the pharmacist shall disclose to the purchaser that a generic drug is available.

Subd. 7. This section does not apply to prescription drugs dispensed to persons covered by a health plan that covers prescription drugs under a managed care formulary or similar practices.

Subd. 8. The following drugs are excluded from this section: coumadin, dilantin, lanoxin, premarin, theophylline, synthroid, tegretol, and phenobarbital.

Sec. 11. [151.461] [GIFTS TO PRACTITIONERS PROHIBITED.]

It is unlawful for any manufacturer or wholesale drug distributor, or any agent thereof, to offer or give any gift of value to a practitioner. A medical device manufacturer that distributes drugs as an incidental part of its device business shall not be considered a manufacturer, a wholesale drug distributor, or agent under this section. As used in this section, "gift" does not include:

- (1) professional samples of a drug provided to a prescriber for free distribution to patients;
- (2) items with a total combined retail value, in any calendar year, of not more than \$50;
- (3) a payment to the sponsor of a medical conference, professional meeting, or other educational program, provided the payment is not made directly to a practitioner and is used solely for bona fide educational purposes;
- (4) reasonable honoraria and payment of the reasonable expenses of a practitioner who serves on the faculty at a professional or educational conference or meeting;
- (5) compensation for the substantial professional or consulting services of a practitioner in connection with a genuine research project;

(6) publications and educational materials; or

(7) salaries or other benefits paid to employees.

Sec. 12. Minnesota Statutes 1992, section 151.47, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] All wholesale drug distributors are subject to the requirements in paragraphs (a) to ~~(e)~~ (f).

(a) No person or distribution outlet shall act as a wholesale drug distributor without first obtaining a license from the board and paying the required fee.

(b) No license shall be issued or renewed for a wholesale drug distributor to operate unless the applicant agrees to operate in a manner prescribed by federal and state law and according to the rules adopted by the board.

(c) The board may require a separate license for each facility directly or indirectly owned or operated by the same business entity within the state, or for a parent entity with divisions, subsidiaries, or affiliate companies within the state, when operations are conducted at more than one location and joint ownership and control exists among all the entities.

(d) As a condition for receiving and retaining a wholesale drug distributor license issued under sections 151.42 to 151.51, an applicant shall satisfy the board that it has and will continuously maintain:

(1) adequate storage conditions and facilities;

(2) minimum liability and other insurance as may be required under any applicable federal or state law;

(3) a viable security system that includes an after hours central alarm, or comparable entry detection capability; restricted access to the premises; comprehensive employment applicant screening; and safeguards against all forms of employee theft;

(4) a system of records describing all wholesale drug distributor activities set forth in section 151.44 for at least the most recent two-year period, which shall be reasonably accessible as defined by board regulations in any inspection authorized by the board;

(5) principals and persons, including officers, directors, primary shareholders, and key management executives, who must at all times demonstrate and maintain their capability of conducting business in conformity with sound financial practices as well as state and federal law;

(6) complete, updated information, to be provided to the board as a condition for obtaining and retaining a license, about each wholesale drug distributor to be licensed, including all pertinent corporate licensee information, if applicable, or other ownership, principal, key personnel, and facilities information found to be necessary by the board;

(7) written policies and procedures that assure reasonable wholesale drug distributor preparation for, protection against, and handling of any facility security or operation problems, including, but not limited to, those caused by natural disaster or government emergency, inventory inaccuracies or product shipping and receiving, outdated product or other unauthorized product control, appropriate disposition of returned goods, and product recalls;

(8) sufficient inspection procedures for all incoming and outgoing product shipments; and

(9) operations in compliance with all federal requirements applicable to wholesale drug distribution.

(e) An agent or employee of any licensed wholesale drug distributor need not seek licensure under this section.

(f) A wholesale drug distributor shall file with the board an annual report, in a form and on the date prescribed by the board, identifying all payments, honoraria, reimbursement or other compensation authorized under section 151.461, clauses (3) to (5), paid to practitioners in Minnesota during the preceding calendar year. The report shall identify the nature and value of any payments totaling \$100 or more, to a particular practitioner during the year, and shall identify the practitioner. Reports filed under this provision are public data.

Sec. 13. [MEDICAL CARE SAVINGS ACCOUNTS.]

(a) The commissioner of health, in consultation with the commissioners of employee relations, commerce, and revenue and the Minnesota health care commission, shall conduct a study to determine the feasibility of establishing a medical and health care benefits plan such as one to help provide incentives for persons in Minnesota whose employers pay all or part of the cost of medical and health care benefits for their employees to forego unnecessary medical treatment and to shop for the best value in cases where treatment is necessary. The study must address, at a minimum, the advantages and disadvantages of establishing a medical and health care benefits plan and may contain the components and criteria in paragraphs (b) to (f).

(b) Employers each year shall set aside in an account for each of their employees a substantial percentage of the amount that the employers currently or would otherwise spend for medical and health care benefits for each employee. The account is an allowance for medical and health care for the employee during that year.

(c) Employers shall use the remaining percentage amount to purchase or self fund major medical and health care benefits for all employees, which shall pay 100 percent of the cost of any portion of an employee's medical and health care that exceeds the amount in the employee's medical and health care account.

(d) Any amount in an employee's medical and health care account that is unspent belongs to the employee with no restrictions on the purposes for which it may be used.

(e) The amount in an employee's medical and health care account is not subject to state income taxation while it remains in the account. Any amount spent from the account on medical and health care is totally exempt from state income taxation. Any amount spent from the account for any purpose other than medical and health care is subject to state income taxation.

(f) Employers that provide medical and health care benefits to their employees in accordance with the plan shall receive state tax credits against their income for each year that the benefits are provided.

(g) The results of the study must be submitted to the legislature by January 15, 1994.

Sec. 14. [REQUESTS FOR FEDERAL ACTION.]

The commissioner of health shall seek changes in or waivers from federal statutes or regulations as necessary to implement the provisions of this act. The commissioner of human services shall request and diligently pursue waivers from the federal laws relating to health coverages provided under the medical assistance and Medicare programs, so as to permit the state to provide medical assistance benefits through integrated service networks and permit Medicare to be provided in Minnesota through integrated service networks.

Sec. 15. [PRESCRIPTION DRUG STUDY.]

The commissioner of health shall prepare and submit to the legislature by February 15, 1994, a study of the manufacturing, wholesale, and retail prescription drug market in Minnesota. In conducting the study, the commissioner of health shall consult with the commissioners of administration, employee relations, and human services, the Minnesota health care commission, and the University of Minnesota pharmaceutical research, management, and economics programs. The commissioner shall also consult with representatives of retail and other pharmacists, drug manufacturers, consumers, senior citizen organizations, hospitals, nursing homes, physicians, health maintenance organizations, and other stakeholders and persons with relevant expertise.

The study shall examine:

(1) how distinctions based on volume purchased or class of purchaser affect manufacturer, wholesale, and retail pricing;

(2) how manufacturer and wholesale pricing are affected by other industry practices, by federal and state law, and by other factors such as marketing, promotion, and research and development;

(3) how manufacturer and wholesale pricing affect retail pricing;

(4) other factors affecting retail pricing; and

(5) methods of reducing manufacturer, wholesale, and retail prices, including but not limited to:

(i) mandatory prescription drug contracting programs operated by the state;

(ii) voluntary prescription drug contracting programs operated by the state;

(iii) legislation to facilitate the development of manufacturer and wholesale purchasing programs in the private sector;

(iv) most favored purchaser legislation;

(v) legislation limiting manufacturer and wholesale price increases;

(vi) legislation providing for preferential treatment for underserved or disadvantaged retail purchasers;

(vii) legislation providing for the use of a state formulary or other formularies;

(viii) legislation requiring pharmacists to substitute for prescribed drugs a less expensive therapeutic alternative in appropriate circumstances.

(ix) legislation providing for price disclosure; and

(x) limitations on drug promotion and marketing.

The study must include recommendations and draft legislation for reducing the cost of prescription drugs for wholesale purchasers, consumers, retail pharmacies, and third-party payors. The recommendations must ensure that parties benefiting from price savings at the manufacturer or wholesale level pass these savings on to consumers. The recommendations must not reduce costs through methods that would adversely affect access to prescription drugs, reduce the quality of prescription drugs, or cause a significant increase in manufacturer, wholesale, or retail prices for certain market segments.

Sec. 16. [REVIEW.]

The commissioner of commerce shall review the health care policies currently in use in the state, and prepare standardized health care policy forms to be used by all insurers, health service plans, or others subject to the jurisdiction of Minnesota Statutes, chapter 62A, 62C, 62E, or 62H. The commissioner shall recommend possible legislative changes necessary to adopt the policy forms to the chairs of the senate commerce and consumer protection committee and the house of representatives financial institutions and insurance committee by February 1, 1994.

Sec. 17. [LEAVE DONATION PROGRAM.]

Subdivision 1. [DONATION OF VACATION TIME.] A state employee may donate up to 12 hours of accrued vacation leave for the benefit of a state employee in Morrison county whose child was attacked by a dog in 1993. The number of hours donated must be credited to the sick leave account of the receiving state employee. If the receiving state employee uses all of the donated time, additional hours up to 50 hours per employee of accrued vacation leave time may be donated.

Subd. 2. [PROCESS FOR CREDITING.] The donating employee must notify the employee's agency head of the amount of accrued vacation time the employee wishes to donate. The agency head shall transfer that amount to the sick leave account of the recipient. A donation of accrued vacation leave time is irrevocable once it has been transferred to the account.

Sec. 18. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the words "centers of excellence" to "referral centers" wherever they appear in Minnesota Statutes, chapters 62D and 62J, in the next and subsequent editions of Minnesota Statutes and Minnesota Rules, parts 4685.0100 to 4685.3400.

Sec. 19. [EFFECTIVE DATE.]

Sections 1, 4, 5, 7, 8, 9, 13, 14, 15, and 16 are effective the day following final enactment.

Section 17 is effective the day following final enactment and applies retroactively to January 1, 1993.

Sections 3, 6, 10, 11, and 12 are effective January 1, 1994.

ARTICLE 6

COST CONTAINMENT AMENDMENTS

Section 1. Minnesota Statutes 1992, section 62J.03, subdivision 8, is amended to read:

Subd. 8. [PROVIDER OR HEALTH CARE PROVIDER.] "Provider" or "health care provider" means a person or organization other than a nursing home that provides health care or medical care services within Minnesota for a fee, ~~as further defined in rules adopted by the commissioner.~~ and is eligible for reimbursement under the medical assistance program under chapter 256B. For purposes of this subdivision, "for a fee" includes traditional fee-for-service arrangements, capitation arrangements, and any other arrangement in which a provider receives compensation for providing health care services or has the authority to directly bill a group purchaser, health carrier, or individual for providing health care services. For purposes of this subdivision, "eligible for reimbursement under the medical assistance program" means that the provider's services would be reimbursed by the medical assistance program if the services were provided to medical assistance enrollees and the provider sought reimbursement, or that the services would be eligible for reimbursement under medical assistance except that those services are characterized as experimental, cosmetic, or voluntary.

Sec. 2. Minnesota Statutes 1992, section 62J.04, subdivision 5, is amended to read:

Subd. 5. [APPEALS.] ~~A person or organization aggrieved may appeal a decision of the commissioner under sections 62J.17 and 62J.23 through a contested case proceeding governed under chapter 14. The notice of appeal must be served on the commissioner within 30 days of receiving notice of the decision. The commissioner shall decide the contested case.~~

Sec. 3. Minnesota Statutes 1992, section 62J.04, subdivision 7, is amended to read:

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

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

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

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

(3) methods that could be used to monitor compliance with the limits;

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

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

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

(7) methods of encouraging voluntary activities that will help keep spending within the limits;

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

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

(10) methods of depriving those who benefit financially from overspending of the benefit of overspending, including the option of recovering the amount of the excess spending from the greater provider community or from individual providers or groups of providers through targeted assessments;

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

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

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

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

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

Sec. 4. Minnesota Statutes 1992, section 62J.05, is amended by adding a subdivision to read:

Subd. 9. [REPEALER.] This section is repealed effective July 1, 1996.

Sec. 5. Minnesota Statutes 1992, section 62J.09, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) [NUMBER OF MEMBERS.] Each regional ~~health care management coordinating~~ board consists of ~~16~~ 17 members as provided in this subdivision. A member may designate a representative to act as a member of the commission in the member's absence. The governor shall appoint the chair of each regional board from among its members. The appointing authorities under each paragraph for which there is to be chosen more than one member shall consult prior to appointments being made to ensure that, to the extent possible, the board includes a representative from each county within the region.

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

(c) [HEALTH PLAN COMPANY REPRESENTATIVES.] Each regional board includes ~~three~~ four members representing health plan companies who provide coverage for residents of the region, including one member representing health insurers who is elected by a vote of all health insurers providing coverage in the region, one member elected by a vote of all health maintenance organizations providing coverage in the region, and one member appointed by Blue Cross and Blue Shield of Minnesota. The fourth member is appointed by the governor.

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

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

(f) [PUBLIC MEMBERS.] Regional boards include three consumer members. One consumer member is elected by the community health boards in the region, with each community health board having one vote. One consumer member is elected by the state legislators with districts in the region. One consumer member is appointed by the governor.

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

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

Sec. 6. Minnesota Statutes 1992, section 62J.09, subdivision 5, is amended to read:

Subd. 5. [CONFLICTS OF INTEREST.] No member may ~~participate or~~ vote in regional coordinating board proceedings involving an individual provider, purchaser, or patient, or a specific activity or transaction, if the member has a direct financial interest in the outcome of the regional coordinating board's proceedings other than as an individual consumer of health care services. A member with a direct financial interest may participate in the proceedings, without voting, provided that the member discloses any direct financial interest to the regional coordinating board at the beginning of the proceedings.

Sec. 7. Minnesota Statutes 1992, section 62J.09, is amended by adding a subdivision to read:

Subd. 6a. [CONTRACTING.] The commissioner, at the request of a regional coordinating board, may contract on behalf of the board with an appropriate regional organization to provide staff support to the board, in order to assist the board in carrying out the duties assigned in this section.

Sec. 8. Minnesota Statutes 1992, section 62J.09, subdivision 8, is amended to read:

Subd. 8. [REPEALER.] This section is repealed effective July 1, ~~1993~~ 1996.

Sec. 9. Minnesota Statutes 1992, section 62J.17, subdivision 2, is amended to read:

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

(a) [ACCESS.] "Access" has the meaning given in section 62J.2912, subdivision 2.

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

(c) [COST.] "Cost" means the amount paid by consumers or third party payers for health care services or products.

(d) [DATE OF THE MAJOR SPENDING COMMITMENT.] "Date of the major spending commitment" means the date the provider formally obligated itself to the major spending commitment. The obligation may be incurred by entering into a contract, making a down payment, issuing bonds or entering a loan agreement to provide financing for the major spending commitment, or taking some other formal, tangible action evidencing the provider's intention to make the major spending commitment.

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

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

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

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

(f) [MAJOR SPENDING COMMITMENT.] "Major spending commitment" means an expenditure in excess of \$500,000 for:

(1) acquisition of a unit of medical equipment;

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

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

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

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

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

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

(1) an extracorporeal shock wave lithotripter;

(2) a computerized axial tomography (CAT) scanner;

(3) a magnetic resonance imaging (MRI) unit;

(4) a positron emission tomography (PET) scanner; and

(5) emergency and nonemergency medical transportation equipment and vehicles.

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

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

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

(3) megavoltage radiation therapy;

(4) open heart surgery;

(5) neonatal intensive care services; and

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

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

Sec. 10. Minnesota Statutes 1992, section 62J.17, is amended by adding a subdivision to read:

Subd. 4a. [EXPENDITURE REPORTING.] (a) [GENERAL REQUIREMENT.] A provider making a major spending commitment after April 1, 1992, shall submit notification of the expenditure to the commissioner and provide the commissioner with any relevant background information.

(b) [REPORT.] Notification must include a report, submitted within 60 days after the date of the major spending commitment, using terms conforming to the definitions in section 62J.03 and this section. Each report is subject to retrospective review and must contain:

(1) a detailed description of the major spending commitment and its purpose;

(2) the date of the major spending commitment;

(3) a statement of the expected impact that the major spending commitment will have on charges by the provider to patients and third party payors;

(4) a statement of the expected impact on the clinical effectiveness or quality of care received by the patients that the provider expects to serve;

(5) a statement of the extent to which equivalent services or technology are already available to the provider's actual and potential patient population;

(6) a statement of the distance from which the nearest equivalent services or technology are already available to the provider's actual and potential population;

(7) a statement describing the pursuit of any lawful collaborative arrangements; and

(8) a statement of assurance that the provider will not use, purchase, or perform health care technologies and procedures that are not clinically effective and cost-effective, unless the technology is used for experimental or research purposes to determine whether a technology or procedure is clinically effective and cost-effective.

The provider may submit any additional information that it deems relevant.

(c) [ADDITIONAL INFORMATION.] The commissioner may request additional information from a provider for the purpose of review of a report submitted by that provider, and may consider relevant information from other sources. A provider shall provide any information requested by the commissioner within the time period stated in the request, or within 30 days after the date of the request if the request does not state a time.

(d) [FAILURE TO COMPLY.] If the provider fails to submit a complete and timely expenditure report, including any additional information requested by the commissioner, the commissioner may make the provider's subsequent major spending commitments subject to the procedures of prospective review and approval under subdivision 6a.

Sec. 11. Minnesota Statutes 1992, section 62J.17, is amended by adding a subdivision to read:

Subd. 5a. [RETROSPECTIVE REVIEW.] (a) The commissioner shall retrospectively review each major spending commitment and notify the provider of the results of the review. The commissioner shall determine whether the major spending commitment was appropriate. In making the determination, the commissioner may consider the following criteria: the major spending commitment's impact on the cost, access, and quality of health care; the clinical effectiveness and cost-effectiveness of the major spending commitment; and the alternatives available to the provider.

(b) The commissioner may not prevent or prohibit a major spending commitment subject to retrospective review. However, if the provider fails the retrospective review, any major spending commitments by that provider for the five-year period following the commissioner's decision are subject to prospective review under subdivision 6a.

Sec. 12. Minnesota Statutes 1992, section 62J.17, is amended by adding a subdivision to read:

Subd. 6a. [PROSPECTIVE REVIEW AND APPROVAL.] (a) [REQUIREMENT.] No health care provider subject to prospective review under this subdivision shall make a major spending commitment unless:

(1) the provider has filed an application with the commissioner to proceed with the major spending commitment and has provided all supporting documentation and evidence requested by the commissioner; and

(2) the commissioner determines, based upon this documentation and evidence, that the major spending commitment is appropriate under the criteria provided in subdivision 5a in light of the alternatives available to the provider.

(b) [APPLICATION.] A provider subject to prospective review and approval shall submit an application to the commissioner before proceeding with any major spending commitment. The application must address each item listed in subdivision 4a, paragraph (a), and must also include documentation to support the response to each item. The provider may submit information, with supporting documentation, regarding why the major spending commitment should be exempted from prospective review under paragraph (d). The submission may be made either in addition to or instead of the submission of information relating to the items listed in subdivision 4a, paragraph (a).

(c) [REVIEW.] The commissioner shall determine, based upon the information submitted, whether the major spending commitment is appropriate under the criteria provided in subdivision 5a, or whether it should be excepted from prospective review under paragraph (d). In making this determination, the commissioner may also consider relevant information from other sources. At the request of the commissioner, the Minnesota health care commission shall convene an expert review panel made up of persons with knowledge and expertise regarding medical equipment, specialized services, health care expenditures, and capital expenditures to review applications and make recommendations to the commissioner. The commissioner shall make a decision on the application within 60 days after an application is received.

(d) [EXCEPTIONS.] The prospective review and approval process does not apply to:

(1) a major spending commitment to replace existing equipment with comparable equipment, if the old equipment will no longer be used in the state;

(2) a major spending commitment made by a research and teaching institution for purposes of conducting medical education, medical research supported or sponsored by a medical school or by a federal or foundation grant, or clinical trials;

(3) a major spending commitment to repair, remodel, or replace existing buildings or fixtures if, in the judgment of the commissioner, the project does not involve a substantial expansion of service capacity or a substantial change in the nature of health care services provided; and

(4) mergers, acquisitions, and other changes in ownership or control that, in the judgment of the commissioner, do not involve a substantial expansion of service capacity or a substantial change in the nature of health care services provided.

(e) [NOTIFICATION REQUIRED FOR EXCEPTED MAJOR SPENDING COMMITMENT.] A provider making a major spending commitment covered by paragraph (d) shall provide notification of the major spending commitment as provided under subdivision 4a.

(f) [PENALTIES AND REMEDIES.] The commissioner of health has the authority to issue fines, seek injunctions, and pursue other remedies as provided by law.

Sec. 13. Minnesota Statutes 1992, section 62J.23, is amended by adding a subdivision to read:

Subd. 4. [INTEGRATED SERVICE NETWORKS.] (a) The legislature finds that the formation and operation of integrated service networks will accomplish the purpose of the federal Medicare antikickback statute, which is to reduce the overutilization and overcharging that may result from inappropriate provider incentives. Accordingly, it is the public policy of the state of Minnesota to support the development of integrated service networks. The legislature finds that the federal Medicare antikickback laws should not be interpreted to interfere with the development of integrated service networks or to impose liability for arrangements between an integrated service network and its participating entities.

(b) An arrangement between an integrated service network and any or all of its participating entities is not subject to liability under subdivisions 1 and 2.

Sec. 14. [62J.2911] [ANTITRUST EXCEPTIONS; PURPOSE.]

The legislature finds that the goals of controlling health care costs and improving the quality of and access to health care services will be significantly enhanced by cooperative arrangements involving providers or purchasers that might be prohibited by state and federal antitrust laws if undertaken without governmental involvement. The purpose of sections 62J.2911 to 62J.2921 is to create an opportunity for the state to review proposed arrangements and to substitute regulation for competition when an arrangement is likely to result in lower costs, or greater access or quality, than would otherwise occur in the marketplace. The legislature intends that approval of arrangements be accompanied by appropriate conditions, supervision, and regulation to protect against private abuses of economic power, and that an arrangement approved by the commissioner and accompanied by such appropriate conditions, supervision, and regulation shall not be subject to state and federal antitrust liability.

Sec. 15. [62J.2912] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For purposes of sections 62J.2911 to 62J.2921, the terms defined in this section have the meanings given them.

Subd. 2. [ACCESS.] "Access" means the financial, temporal, and geographic availability of health care to individuals who need it.

Subd. 3. [APPLICANT.] "Applicant" means the party or parties to an agreement or business arrangement for which the commissioner's approval is sought under this section.

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

Subd. 5. [CONTESTED CASE.] "Contested case" means a proceeding conducted by the office of administrative hearings under sections 14.57 to 14.62.

Subd. 6. [COST OR COST OF HEALTH CARE.] "Cost" or "cost of health care" means the amount paid by consumers or third party payers for health care services or products.

Subd. 7. [CRITERIA.] "Criteria" means the cost, access, and quality of health care.

Subd. 8. [HEALTH CARE PRODUCTS.] "Health care products" means durable medical equipment and "medical equipment" as defined in section 62J.17, subdivision 2, paragraph (g).

Subd. 9. [HEALTH CARE SERVICE.] "Health care service" has the meaning given in section 62J.17, subdivision 2, paragraph (e).

Subd. 10. [PERSON.] "Person" means an individual or legal entity.

Sec. 16. [62J.2913] [SCOPE.]

Subdivision 1. [AVAILABILITY OF EXCEPTION.] Providers or purchasers wishing to engage in contracts, business or financial arrangements, or other activities, practices, or arrangements that might be construed to be violations of state or federal antitrust laws but which are in the best interests of the state and further the policies and goals of this chapter may apply to the commissioner for an exception.

Subd. 2. [ABSOLUTE DEFENSE.] Approval by the commissioner is an absolute defense against any action under state and federal antitrust laws, except as provided under section 62J.2921, subdivision 5.

Subd. 3. [APPLICATION CANNOT BE USED TO IMPOSE LIABILITY.] The commissioner may ask the attorney general to comment on an application. The application and any information obtained by the commissioner under sections 62J.2914 to 62J.2916 that is not otherwise available is not admissible in any civil or criminal proceeding brought by the attorney general or any other person based on an antitrust claim, except:

(1) a proceeding brought under section 62J.2921, subdivision 5, based on an applicant's failure to substantially comply with the terms of the application; or

(2) a proceeding based on actions taken by the applicant prior to submitting the application, where such actions are admitted to in the application.

Subd. 4. [OUT-OF-STATE APPLICANTS.] Providers or purchasers not physically located in Minnesota are eligible to seek an exception for arrangements in which they transact business in Minnesota as defined in section 295.51.

Sec. 17. [62J.2914] [APPLICATION.]

Subdivision 1. [DISCLOSURE.] An application for approval must include, to the extent applicable, disclosure of the following:

(1) a descriptive title;

(2) a table of contents;

(3) exact names of each party to the application and the address of the principal business office of each party;

(4) the name, address, and telephone number of the persons authorized to receive notices and communications with respect to the application;

(5) a verified statement by a responsible officer of each party to the application attesting to the accuracy and completeness of the enclosed information;

(6) background information relating to the proposed arrangement, including:

(i) a description of the proposed arrangement, including a list of any services or products that are the subject of the proposed arrangement;

(ii) an identification of any tangential services or products associated with the services or products that are the subject of the proposed arrangement;

(iii) a description of the geographic territory involved in the proposed arrangement;

(iv) if the geographic territory described in item (iii), is different from the territory in which the applicants have engaged in the type of business at issue over the last five years, a description of how and why the geographic territory differs;

(v) identification of all products or services that a substantial share of consumers would consider substitutes for any service or product that is the subject of the proposed arrangement;

(vi) identification of whether any services or products of the proposed arrangement are currently being offered, capable of being offered, utilized, or capable of being utilized by other providers or purchasers in the geographic territory described in item (iii);

(vii) identification of the steps necessary, under current market and regulatory conditions, for other parties to enter the territory described in item (iii) and compete with the applicant;

(viii) a description of the previous history of dealings between the parties to the application;

(ix) a detailed explanation of the projected effects, including expected volume, change in price, and increased revenue, of the arrangement on each party's current businesses, both generally as well as the aspects of the business directly involved in the proposed arrangement;

(x) the present market share of the parties to the application and of others affected by the proposed arrangement, and projected market shares after implementation of the proposed arrangement;

(xi) a statement of why the projected levels of cost, access, or quality could not be achieved in the existing market without the proposed arrangement; and

(xii) an explanation of how the arrangement relates to any Minnesota health care commission or applicable regional coordinating board plans for delivery of health care; and

(7) a detailed explanation of how the transaction will affect cost, access, and quality. The explanation must address the factors in section 62J.2917, subdivision 2, paragraphs (b) to (d), to the extent applicable.

Subd. 2. [STATE REGISTER NOTICE.] In addition to the disclosures required in subdivision 1, the application must contain a written description of the proposed arrangement for purposes of publication in the State Register. The notice must include sufficient information to advise the public of the nature of the proposed arrangement and to enable the public to provide meaningful comments concerning the expected results of the arrangement. The notice must also state that any person may provide written comments to the commissioner, with a copy to the applicant, within 20 days of the notice's publication. The commissioner shall approve the notice before publication. If the commissioner determines that the submitted notice does not provide sufficient information, the commissioner may amend the notice before publication and may consult with the applicant in preparing the amended notice. The commissioner shall not publish an amended notice without the applicant's approval.

Subd. 3. [MULTIPLE PARTIES TO A PROPOSED ARRANGEMENT.] For a proposed arrangement involving multiple parties, one joint application must be submitted on behalf of all parties to the arrangement.

Subd. 4. [FILING FEE.] An application must be accompanied by a filing fee, which must be deposited in the health care access fund. The total of the deposited application fees is appropriated annually to the commissioner to administer the antitrust exceptions program. The filing fee is \$1,000 for any application submitted by parties whose combined gross revenues exceeded \$20 million in the most recent calendar or fiscal year for which such figures are available. The filing fee for all other applications is \$250.

Subd. 5. [TRADE SECRET INFORMATION; PROTECTION.] Trade secret information, as defined in section 13.37, subdivision 1, paragraph (b), must be protected to the extent required under chapter 13.

Subd. 6. [COMMISSIONER'S AUTHORITY TO REFUSE TO REVIEW.] (a) If the commissioner determines that an application is unclear, incomplete, or provides an insufficient basis on which to base a decision, the commissioner may return the application. The applicant may complete or revise the application and resubmit it.

(b) If, upon review of the application and upon advice from the attorney general, the commissioner concludes that the proposed arrangement does not present any potential for liability under the state or federal antitrust laws, the commissioner may decline to review the application and so notify the applicant.

(c) The commissioner may decline to review any application relating to arrangements already in effect before the submission of the application. However, the commissioner shall review any application if the review is expressly provided for in a settlement agreement entered into before the enactment of this section by the applicant and the attorney general.

Subd. 7. [COMMISSIONER'S AUTHORITY TO EXTEND TIME LIMIT.] Upon the showing of good cause, the commissioner may extend any of the time limits stated in sections 62J.2915 and 62J.2916 at the request of the applicant or another person.

Sec. 18. [62J.2915] [NOTICE AND COMMENT.]

Subdivision 1. [NOTICE.] The commissioner shall cause the notice described in section 62J.2914, subdivision 2, to be published in the State Register and sent to the Minnesota health care commission, the regional coordinating boards for any regions that include all or part of the territory covered by the proposed arrangement, and any person who has requested to be placed on a list to receive notice of applications. The commissioner may maintain separate notice lists for different regions of the state. The commissioner may also send a copy of the notice to any person together with a request that the person comment as provided under subdivision 2. Copies of the request must be provided to the applicant.

Subd. 2. [COMMENTS.] Within 20 days after the notice is published, any person may mail to the commissioner written comments with respect to the application. Within 30 days after the notice is published, the Minnesota health care commission or any regional coordinating board may mail to the commissioner comments with respect to the application. Persons submitting comments shall provide a copy of the comments to the applicant. The applicant may mail to the commissioner written responses to any comments within ten days after the deadline for mailing such comments. The applicant shall send a copy of the response to the person submitting the comment.

Sec. 19. [62J.2916] [PROCEDURE FOR REVIEW OF APPLICATIONS.]

Subdivision 1. [CHOICE OF PROCEDURES.] After the conclusion of the period provided in section 62J.2915, subdivision 2, for the applicant to respond to comments, the commissioner shall select one of the three procedures provided in subdivision 2. In determining which procedure to use, the commissioner shall consider the following criteria:

- (1) the size of the proposed arrangement, in terms of number of parties and amount of money involved;
- (2) the complexity of the proposed arrangement;
- (3) the novelty of the proposed arrangement;
- (4) the substance and quantity of the comments received;
- (5) any comments received from the Minnesota health care commission or regional coordinating boards; and
- (6) the presence or absence of any significant gaps in the factual record.

If the applicant demands a contested case hearing no later than the conclusion of the period provided in section 62J.2915, subdivision 2, for the applicant to respond to comments, the commissioner shall not select a procedure. Instead, the applicant shall be given a contested case proceeding as a matter of right.

Subd. 2. [PROCEDURES AVAILABLE.] (a) [DECISION ON THE WRITTEN RECORD.] The commissioner may issue a decision based on the application, the comments, and the applicant's responses to the comments, to the extent each is relevant. In making the decision, the commissioner may consult with staff of the department of health and may rely on department of health data.

(b) [LIMITED HEARING.] (1) The commissioner may order a limited hearing. A copy of the order must be mailed to the applicant and to all persons who have submitted comments or requested to be kept informed of the proceedings involving the application. The order must state the date, time, and location of the limited hearing and must identify specific issues to be addressed at the limited hearing. The issues may include the feasibility and desirability of one or more alternatives to the proposed arrangement. The order must require the applicant to submit written evidence, in the form of affidavits and supporting documents, addressing the issues identified, within 20 days after the date of the order. The order shall also state that any person may arrange to receive a copy of the written evidence from the commissioner, at the person's expense, and may provide written comments on the evidence within 40 days after the date of the order. A person providing written comments shall provide a copy of the comments to the applicant.

(2) The limited hearing must be held before the commissioner or department of health staff member designated by the commissioner. The commissioner or the commissioner's designee shall question the applicant about the evidence submitted by the applicant. The questions may address relevant issues identified in the comments submitted in response to the written evidence or identified by department of health staff or brought to light by department of health data. At the conclusion of the applicant's responses to the questions, any person who submitted comments about the applicant's written evidence may make a statement addressing the applicant's responses to the questions. The commissioner or the commissioner's designee may ask questions of any person making a statement. At the conclusion of all statements, the applicant may make a closing statement.

(3) The commissioner's decision after a limited hearing must be based upon the application, the comments, the applicant's response to the comments, the applicant's written evidence, the comments in response to the written evidence, and the information presented at the limited hearing, to the extent each is relevant. In making the decision, the commissioner may consult with staff of the department of health and may rely on department of health data.

(c) [CONTESTED CASE HEARING.] The commissioner may order a contested case hearing. A contested case hearing shall be tried before an administrative law judge who shall issue a written recommendation to the commissioner and shall follow the procedures in sections 14.57 to 14.62. All factual issues relevant to a decision must be presented in the contested case. The attorney general may appear as a party. Additional parties may appear to the extent permitted under sections 14.57 to 14.62. The record in the contested case includes the application, the comments, the applicant's response to the comments, and any other evidence that is part of the record under sections 14.57 to 14.62.

Sec. 20. [62].2917 [CRITERIA FOR DECISION.]

Subdivision 1. [CRITERIA.] The commissioner shall not approve an application unless the commissioner determines that the arrangement is more likely to result in lower costs, increased access, or increased quality of health care, than would otherwise occur under existing market conditions or conditions likely to develop without an exemption from state and federal antitrust law. In the event that a proposed arrangement appears likely to improve one or two of the criteria at the expense of another one or two of the criteria, the commissioner shall not approve the application unless the commissioner determines that the proposed arrangement, taken as a whole, is likely to substantially further the purpose of this chapter. In making such a determination, the commissioner may employ a cost/benefit analysis.

Subd. 2. [FACTORS.] (a) [GENERALLY APPLICABLE FACTORS.] In making a determination about cost, access, and quality, the commissioner may consider the following factors, to the extent relevant:

(1) whether the proposal is compatible with the cost containment plan or other plan of the Minnesota health care commission or the applicable regional plans of the regional coordinating boards;

(2) market structure:

(i) actual and potential sellers and buyers, or providers and purchasers;

(ii) actual and potential consumers;

(iii) geographic market area; and

(iv) entry conditions;

(3) current market conditions;

(4) the historical behavior of the market;

(5) performance of other, similar arrangements;

(6) whether the proposal unnecessarily restrains competition or restrains competition in ways not reasonably related to the purposes of this chapter; and

(7) the financial condition of the applicant.

(b) [COST.] The commissioner's analysis of cost must focus on the individual consumer of health care. Cost savings to be realized by providers, health carriers, group purchasers, or other participants in the health care system are relevant only to the extent that the savings are likely to be passed on to the consumer. However, where an application is submitted by providers or purchasers who are paid primarily by third party payers unaffiliated with the applicant, it is sufficient for the applicant to show that cost savings are likely to be passed on to the unaffiliated third party payers; the applicants do not have the burden of proving that third party payers with whom the applicants are not affiliated will pass on cost savings to individuals receiving coverage through the third party payers. In making determinations as to costs, the commissioner may consider:

(1) the cost savings likely to result to the applicant;

(2) the extent to which the cost savings are likely to be passed on to the consumer and in what form;

(3) the extent to which the proposed arrangement is likely to result in cost shifting by the applicant onto other payers or purchasers of other products or services;

(4) the extent to which the cost shifting by the applicant is likely to be followed by other persons in the market;

(5) the current and anticipated supply and demand for any products or services at issue;

(6) the representations and guarantees of the applicant and their enforceability;

(7) likely effectiveness of regulation by the commissioner;

(8) inferences to be drawn from market structure;

(9) the cost of regulation, both for the state and for the applicant; and

(10) any other factors tending to show that the proposed arrangement is or is not likely to reduce cost.

(c) [ACCESS.] In making determinations as to access, the commissioner may consider:

(1) the extent to which the utilization of needed health care services or products by the intended targeted population is likely to increase or decrease. When a proposed arrangement is likely to increase access in one geographic area, by lowering prices or otherwise expanding supply, but limits access in another geographic area by removing service capabilities from that second area, the commissioner shall articulate the criteria employed to balance these effects;

(2) the extent to which the proposed arrangement is likely to make available a new and needed service or product to a certain geographic area; and

(3) the extent to which the proposed arrangement is likely to otherwise make health care services or products more financially or geographically available to persons who need them.

If the commissioner determines that the proposed arrangement is likely to increase access and bases that determination on a projected increase in utilization, the commissioner shall also determine and make a specific finding that the increased utilization does not reflect overutilization.

(d) [QUALITY.] In making determinations as to quality, the commissioner may consider the extent to which the proposed arrangement is likely to:

- (1) decrease morbidity and mortality;
- (2) result in faster convalescence;
- (3) result in fewer hospital days;
- (4) permit providers to attain needed experience or frequency of treatment, likely to lead to better outcomes;
- (5) increase patient satisfaction; and
- (6) have any other features likely to improve or reduce the quality of health care.

Sec. 21. [62].2918] [DECISION.]

Subdivision 1. [APPROVAL OR DISAPPROVAL.] The commissioner shall issue a written decision approving or disapproving the application. The commissioner may condition approval on a modification of all or part of the proposed arrangement to eliminate any restriction on competition that is not reasonably related to the goals of reducing cost or improving access or quality. The commissioner may also establish conditions for approval that are reasonably necessary to protect against abuses of private economic power and to ensure that the arrangement is appropriately supervised and regulated by the state.

Subd. 2. [FINDINGS OF FACT.] The commissioner's decision shall make specific findings of fact concerning the cost, access, and quality criteria, and identify one or more of those criteria as the basis for the decision.

Subd. 3. [DATA FOR SUPERVISION.] A decision approving an application must require the periodic submission of specific data relating to cost, access, and quality, and to the extent feasible, identify objective standards of cost, access, and quality by which the success of the arrangement will be measured. However, if the commissioner determines that the scope of a particular proposed arrangement is such that the arrangement is certain to have neither a positive or negative impact on one or two of the criteria, the commissioner's decision need not require the submission of data or establish an objective standard relating to those criteria.

Sec. 22. [62].2919] [APPEAL.]

After the commissioner has rendered a decision, the applicant or any other person aggrieved may appeal the decision to the Minnesota court of appeals within 30 days after receipt of the commissioner's decision. The appeal is governed by sections 14.63 to 14.69. The appellate process does not include a contested case under sections 14.57 to 14.62. The commissioner's determination, under section 62].2916, subdivision 1, of which procedure to use may not be raised as an issue on appeal.

Sec. 23. [62].2920] [SUPERVISION AFTER APPROVAL.]

Subdivision 1. [APPROPRIATE SUPERVISION.] The commissioner shall appropriately supervise, monitor, and regulate approved arrangements.

Subd. 2. [PROCEDURES.] The commissioner shall review data submitted periodically by the applicant. The commissioner's order shall set forth the time schedule for the submission of data, which shall be at least once a year. The commissioner's order must identify the data that must be submitted, although the commissioner may subsequently require the submission of additional data or alter the time schedule. Upon review of the data submitted, the commissioner shall notify the applicant of whether the arrangement is in compliance with the commissioner's order. If the arrangement is not in compliance with the commissioner's order, the commissioner shall identify those respects in which the arrangement does not conform to the commissioner's order.

An applicant receiving notification that an arrangement is not in compliance has 30 days in which to respond with additional data. The response may include a proposal and a time schedule by which the applicant will bring the arrangement into compliance with the commissioner's order. If the arrangement is not in compliance and the commissioner and the applicant cannot agree to the terms of bringing the arrangement into compliance, the matter shall be set for a contested case hearing.

The commissioner shall publish notice in the State Register two years after the date of an order approving an application, and at two-year intervals thereafter, soliciting comments from the public concerning the impact that the arrangement has had on cost, access, and quality. The commissioner may request additional oral or written information from the applicant or from any other source.

Subd. 3. [STUDY.] The commissioner shall study and make recommendations by January 15, 1995, on the appropriate length and scope of supervision of arrangements approved for exemption from the antitrust laws.

Sec. 24. [62].2921 [REVOCAION.]

Subdivision 1. [CONDITIONS.] The commissioner may revoke approval of a cooperative arrangement only if:

(1) the arrangement is not in substantial compliance with the terms of the application;

(2) the arrangement is not in substantial compliance with the conditions of approval;

(3) the arrangement has not and is not likely to substantially achieve the improvements in cost, access, or quality identified in the approval order as the basis for the commissioner's approval of the arrangement; or

(4) the conditions in the marketplace have changed to such an extent that competition would promote reductions in cost and improvements in access and quality better than does the arrangement at issue. In order to revoke on the basis that conditions in the marketplace have changed, the commissioner's order must identify specific changes in the marketplace and articulate why those changes warrant revocation.

Subd. 2. [NOTICE.] The commissioner shall begin a proceeding to revoke approval by providing written notice to the applicant describing in detail the basis for the proposed revocation. Notice of the proceeding must be published in the State Register and submitted to the Minnesota health care commission and the applicable regional coordinating boards. The notice must invite the submission of comments to the commissioner.

Subd. 3. [PROCEDURE.] A proceeding to revoke an approval must be conducted as a contested case proceeding upon the written request of the applicant. Decisions of the commissioner in a proceeding to revoke approval are subject to judicial review under sections 14.63 to 14.69.

Subd. 4. [ALTERNATIVES TO REVOCATION PREFERRED.] In deciding whether to revoke an approval, the commissioner shall take into account the hardship that the revocation may impose on the applicant and any potential disruption of the market as a whole. The commissioner shall not revoke an approval if the arrangement can be modified, restructured, or regulated so as to remedy the problem upon which the revocation proceeding is based. The applicant may submit proposals for alternatives to revocation. Before approving an alternative to revocation that involves modifying or restructuring an arrangement, the commissioner shall publish notice in the State Register that any person may comment on the proposed modification or restructuring within 20 days after publication of the notice. The commissioner shall not approve the modification or restructuring until the comment period has concluded. An approved modified or restructured arrangement is subject to appropriate supervision under section 62J.2920.

Subd. 5. [IMPACT OF REVOCATION.] An applicant that has had its approval revoked is not required to terminate the arrangement. The applicant cannot be held liable under state or federal antitrust law for acts that occurred while the approval was in effect, except to the extent that the applicant failed to substantially comply with the terms of its application or failed to substantially comply with the terms of the approval. The applicant is fully subject to state and federal antitrust law after the revocation becomes effective and may be held liable for acts that occur after the revocation.

Sec. 25. [UNIVERSAL COVERAGE PLAN.]

The health care commission shall develop and submit to the legislature and the governor by December 15, 1993, a comprehensive plan that will lead to universal health coverage for all Minnesotans by January 1, 1997. The plan must include an implementation plan and time schedule for the coordinated phasing in of health insurance reforms, including the expansion of community rating and the phasing out of underwriting restrictions, changes or expansions in government programs, and other actions recommended by the commission. The plan must also include annual targets for expanding coverage to uninsured persons and populations and periodic evaluations of the progress being made toward achieving annual targets and universal coverage.

Sec. 26. [REPEALER.]

Minnesota Statutes 1992, sections 62J.17, subdivisions 4, 5, and 6; and 62J.29, are repealed.

Sec. 27. [EFFECTIVE DATE.]

Sections 1 to 24 are effective the day following final enactment. Sections 9 to 12 apply retroactively to any major spending commitment entered into after April 1, 1992, except that the requirements of section 62J.17, subdivision 4a, paragraph (a), that a report be submitted within 60 days after a major spending commitment and that a report include the items specifically listed are not retroactive.

ARTICLE 7

SMALL EMPLOYER INSURANCE REFORM

Section 1. Minnesota Statutes 1992, section 62L.02, subdivision 19, is amended to read:

Subd. 19. [LATE ENTRANT.] "Late entrant" means an eligible employee or dependent who requests enrollment in a health benefit plan of a small employer following the initial enrollment period applicable to the employee or dependent under the terms of the health benefit plan, provided that the initial enrollment period must be a period of at least 30 days. However, an eligible employee or dependent must not be considered a late entrant if:

(1) the individual was covered under qualifying existing coverage at the time the individual was eligible to enroll in the health benefit plan, declined enrollment on that basis, and presents to the carrier a certificate of termination of the qualifying prior coverage, due to loss of eligibility for that coverage, provided that the individual maintains continuous coverage. For purposes of this clause, eligibility for prior coverage does not include eligibility for continuation coverage required under state or federal law;

(2) the individual has lost coverage under another group health plan due to the expiration of benefits available under the Consolidated Omnibus Budget Reconciliation Act of 1985, Public Law Number 99-272, as amended, and any state continuation laws applicable to the employer or carrier, provided that the individual maintains continuous coverage;

(3) the individual is a new spouse of an eligible employee, provided that enrollment is requested within 30 days of becoming legally married;

(4) the individual is a new dependent child of an eligible employee, provided that enrollment is requested within 30 days of becoming a dependent;

(5) the individual is employed by an employer that offers multiple health benefit plans and the individual elects a different plan during an open enrollment period; or

(6) a court has ordered that coverage be provided for a dependent child under a covered employee's health benefit plan and request for enrollment is made within 30 days after issuance of the court order.

Sec. 2. Minnesota Statutes 1992, section 62L.02, subdivision 26, is amended to read:

Subd. 26. [SMALL EMPLOYER.] "Small employer" means a person, firm, corporation, partnership, association, or other entity actively engaged in business who, on at least 50 percent of its working days during the preceding calendar year, employed no fewer than two nor more than 29 eligible employees, the majority of whom were employed in this state. ~~If a small employer has only two eligible employees, one employee must not be the spouse, child, sibling, parent, or grandparent of the other, except that~~ If an employer has only two eligible employees and one is the spouse, child, sibling, parent, or grandparent of the other, the employer must be a Minnesota domiciled employer and have paid social security or self-employment tax on behalf of both eligible employees. A small employer plan may be offered through a domiciled association to self-employed individuals and small employers who are members of the association, even if the self-employed individual or small employer has fewer than two employees ~~or the employees are family members.~~ Entities that are eligible to file a combined tax return for purposes of state tax laws are considered a single employer for purposes of determining the number of eligible employees. Small employer status must be determined on an annual basis as of the renewal date of the health benefit plan. The provisions of

this chapter continue to apply to an employer who no longer meets the requirements of this definition until the annual renewal date of the employer's health benefit plan. Where an association, described in section 62A.10, subdivision 1, comprised of employers contracts with a health carrier to provide coverage to its members who are small employers, the association ~~may elect to shall~~ be considered to be a small employer, with respect to those employers in the association that employ no fewer than two nor more than 29 eligible employees, even though the association provides coverage to ~~more than 29 employees of its members, so long as each employer that is provided coverage through the association qualifies as a small employer. An association's election to be considered a small employer under this section is not effective unless filed with the commissioner of commerce. The association may revoke its election at any time by filing notice of revocation with the commissioner.~~ its members that do not qualify as small employers. An association in existence prior to July 1, 1993, is exempt from this chapter with respect to small employers that are members as of that date. However, in providing coverage to new groups after July 1, 1993, the existing association must comply with all requirements of chapter 62L. Existing associations must register with the commissioner of commerce prior to July 1, 1993. If an employer has employees covered under a trust established in a collective bargaining agreement under the federal Labor-Management Relations Act of 1947, United States Code, title 29, section 141, et seq., as amended, those employees are excluded in determining whether the employer qualifies as a small employer.

Sec. 3. Minnesota Statutes 1992, section 62L.02, subdivision 27, is amended to read:

Subd. 27. [SMALL EMPLOYER MARKET.] (a) "Small employer market" means the market for health benefit plans for small employers.

(b) A health carrier is considered to be participating in the small employer market if the carrier offers, sells, issues, or renews a health benefit plan to: (1) any small employer; or (2) the eligible employees of a small employer offering a health benefit plan if, with the knowledge of the health carrier, ~~both either~~ of the following conditions ~~are~~ is met:

(i) any portion of the premium or benefits is paid for or reimbursed by a small employer; ~~and~~ or

(ii) the health benefit plan is treated by the employer or any of the eligible employees or dependents as part of a plan or program for the purposes of the Internal Revenue Code, section 106, 125, or 162.

Sec. 4. Minnesota Statutes 1992, section 62L.03, subdivision 3, is amended to read:

Subd. 3. [MINIMUM PARTICIPATION AND CONTRIBUTION.] (a) A small employer that has at least 75 percent of its eligible employees who have not waived coverage participating in a health benefit plan and that contributes at least 50 percent toward the cost of coverage of eligible employees must be guaranteed coverage from any health carrier participating in the small employer market. The participation level of eligible employees must be determined at the initial offering of coverage and at the renewal date of coverage. A health carrier may not increase the participation requirements applicable to a small employer at any time after the small employer has been accepted for coverage. For the purposes of this subdivision, waiver of coverage includes only waivers due to coverage under another group health plan.

~~(b) A health carrier may require that small employers contribute a specified minimum percentage toward the cost of the coverage of eligible employees, so long as the requirement is uniformly applied for all small employers~~

(b) If a small employer does not satisfy the contribution or participation requirements under this subdivision, a health carrier may voluntarily issue or renew individual coverage or a health benefit plan which, except for guaranteed issue, must fully comply with this chapter. A health carrier that provides group coverage to a small employer that does not meet the contribution or participation requirements of this subdivision must maintain this information in its files for audit by the commissioner. A health carrier may not offer individual coverage, purchased through an arrangement between the employer and the health carrier, to any employee unless the health carrier also offers coverage, on a guaranteed issue basis, to all other employees of the same employer.

~~For the small employer plans, a health carrier must require that small employers contribute at least 50 percent of the cost of the coverage of eligible employees. The health carrier must impose this requirement on a uniform basis for both small employer plans and for all small employers.~~

(c) Nothing in this section obligates a health carrier to issue coverage to a small employer that currently offers coverage through a health benefit plan from another health carrier, unless the new coverage will replace the existing coverage and not serve as one of two or more health benefit plans offered by the employer.

Sec. 5. Minnesota Statutes 1992, section 62L.03, subdivision 4, is amended to read:

Subd. 4. [UNDERWRITING RESTRICTIONS.] Health carriers may apply underwriting restrictions to coverage for health benefit plans for small employers, including any preexisting condition limitations, only as expressly permitted under this chapter. For purposes of this subdivision, "underwriting restrictions" means any refusal of the health carrier to issue or renew coverage, any premium rate higher than the lowest rate charged by the health carrier for the same coverage, or any preexisting condition limitation or exclusion. Health carriers may collect information relating to the case characteristics and demographic composition of small employers, as well as health status and health history information about employees of small employers. Except as otherwise authorized for late entrants, preexisting conditions may be excluded by a health carrier for a period not to exceed 12 months from the effective date of coverage of an eligible employee or dependent. When calculating a preexisting condition limitation, a health carrier shall credit the time period an eligible employee or dependent was previously covered by qualifying prior coverage, provided that the individual maintains continuous coverage. Late entrants may be subject to a preexisting condition limitation not to exceed 18 months from the effective date of coverage of the late entrant. Late entrants may also be excluded from coverage for a period not to exceed 18 months, provided that if a health carrier imposes an exclusion from coverage and a preexisting condition limitation, the combined time period for both the coverage exclusion and preexisting condition limitation must not exceed 18 months. A health carrier shall, at the time of first issuance or renewal of a health benefit plan on or after July 1, 1993, credit against any preexisting condition limitation or exclusion permitted under this section, the time period prior to July 1, 1993, during which an eligible employee or dependent was covered by qualifying existing coverage or qualifying prior coverage, if the person has maintained continuous coverage.

Sec. 6. Minnesota Statutes 1992, section 62L.04, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY OF CHAPTER REQUIREMENTS.] Beginning July 1, 1993, health carriers participating in the small employer market must offer and make available any health benefit plan that they offer, including both of the small employer plans provided in section 62L.05, to all small employers who satisfy the small employer participation and contribution requirements specified in this chapter. Compliance with these requirements is required as of the first renewal date of any small employer group occurring after July 1, 1993. For new small employer business, compliance is required as of the first date of offering occurring after July 1, 1993.

Compliance with these requirements is required as of the first renewal date occurring after July 1, 1994, with respect to employees of a small employer who had been issued individual coverage prior to July 1, 1993, administered by the health carrier on a group basis. Notwithstanding any other law to the contrary, the health carrier shall offer to terminate any individual coverage for employees of small employers who satisfy the small employer participation requirements specified in section 62L.03 and offer to replace it with a health benefit plan. If the employer elects not to purchase a health benefit plan, the health carrier must offer all covered employees and dependents the option of maintaining their current coverage, administered on an individual basis, or replacement individual coverage. Small employer and replacement individual coverage provided under this subdivision must be without application of underwriting restrictions, provided continuous coverage is maintained.

Sec. 7. Minnesota Statutes 1992, section 62L.05, subdivision 2, is amended to read:

Subd. 2. [DEDUCTIBLE-TYPE SMALL EMPLOYER PLAN.] The benefits of the deductible-type small employer plan offered by a health carrier must be equal to 80 percent of the eligible charges, as specified in subdivision 10, for health care services, supplies, or other articles covered under the small employer plan, in excess of an annual deductible which must be \$500 per individual and \$1,000 per family.

Sec. 8. Minnesota Statutes 1992, section 62L.05, subdivision 3, is amended to read:

Subd. 3. [COPAYMENT-TYPE SMALL EMPLOYER PLAN.] The benefits of the copayment-type small employer plan offered by a health carrier must be equal to 80 percent of the eligible charges, as specified in subdivision 10, for health care services, supplies, or other articles covered under the small employer plan, in excess of the following copayments:

(1) \$15 per outpatient visit, other than including visits to an urgent care center but not including visits to a hospital outpatient department or emergency room, urgent care center, or similar facility;

(2) \$15 per ~~day~~ visit for the services of a home health agency or private duty registered nurse;

(3) \$50 per outpatient visit to a hospital outpatient department or emergency room, ~~urgent care center~~, or similar facility; and

(4) \$300 per inpatient admission to a hospital.

Sec. 9. Minnesota Statutes 1992, section 62L.05, subdivision 4, is amended to read:

Subd. 4. [BENEFITS.] The medical services and supplies listed in this subdivision are the benefits that must be covered by the small employer plans described in subdivisions 2 and 3: Benefits under this subdivision may be provided through the managed care procedures practiced by health carriers.

(1) inpatient and outpatient hospital services, excluding services provided for the diagnosis, care, or treatment of chemical dependency or a mental illness or condition, other than those conditions specified in clauses (10), (11), and (12). The health care services required to be covered under this clause must also be covered if rendered in a nonhospital environment, on the same basis as coverage provided for those same treatments or services if rendered in a hospital, provided, however, that this sentence must not be interpreted as expanding the types or extent of services covered;

(2) physician, chiropractor, and nurse practitioner services for the diagnosis or treatment of illnesses, injuries, or conditions;

(3) diagnostic X-rays and laboratory tests;

(4) ground transportation provided by a licensed ambulance service to the nearest facility qualified to treat the condition, or as otherwise required by the health carrier;

(5) services of a home health agency if the services qualify as reimbursable services under Medicare ~~and are directed by a physician or qualify as reimbursable under the health carrier's most commonly sold health plan for insured group coverage;~~

(6) services of a private duty registered nurse if medically necessary, as determined by the health carrier;

(7) the rental or purchase, as appropriate, of durable medical equipment, other than eyeglasses and hearing aids;

(8) child health supervision services up to age 18, as defined in section 62A.047;

(9) maternity and prenatal care services, as defined in sections 62A.041 and 62A.047;

(10) inpatient hospital and outpatient services for the diagnosis and treatment of certain mental illnesses or conditions, as defined by the International Classification of Diseases-Clinical Modification (ICD-9-CM), seventh edition (1990) and as classified as ICD-9 codes 295 to 299;

(11) ten hours per year of outpatient mental health diagnosis or treatment for illnesses or conditions not described in clause (10);

(12) 60 hours per year of outpatient treatment of chemical dependency; and

(13) 50 percent of eligible charges for prescription drugs, up to a separate annual maximum out-of-pocket expense of \$1,000 per individual for prescription drugs, and 100 percent of eligible charges thereafter.

Sec. 10. Minnesota Statutes 1992, section 62L.05, subdivision 6, is amended to read:

Subd. 6. [CHOICE PRODUCTS EXCEPTION.] Nothing in subdivision 1 prohibits a health carrier from offering a small employer plan which provides for different benefit coverages based on whether the benefit is provided through a primary network of providers or through a secondary network of providers so long as the benefits provided in the primary network equal the benefit requirements of the small employer plan as described in this section. For purposes of products issued under this subdivision, out-of-pocket costs in the secondary network may exceed the out-of-pocket limits described in subdivision 1. A secondary network must not be used to provide "benefits in addition" as defined in subdivision 5, except in compliance with that subdivision.

Sec. 11. Minnesota Statutes 1992, section 62L.08, subdivision 4, is amended to read:

Subd. 4. [GEOGRAPHIC PREMIUM VARIATIONS.] A health carrier may request approval by the commissioner to establish no more than three geographic regions and to establish separate index rates for each region, provided that the index rates do not vary between any two regions by more than 20 percent. Health carriers that do not do business in the Minneapolis/St. Paul metropolitan area may request approval for no more than two geographic regions, and clauses (2) and (3) do not apply to approval of requests made by those health carriers. A health carrier may also request approval to establish one additional geographic region and a separate index rate for premiums for employees residing outside of Minnesota, and that index rate must not be more than 30 percent higher than the next highest index rate. The commissioner may grant approval if the following conditions are met:

- (1) the geographic regions must be applied uniformly by the health carrier;
- (2) one geographic region must be based on the Minneapolis/St. Paul metropolitan area;
- (3) if one geographic region is rural, the index rate for the rural region must not exceed the index rate for the Minneapolis/St. Paul metropolitan area;
- (4) the health carrier provides actuarial justification acceptable to the commissioner for the proposed geographic variations in index rates, establishing that the variations are based upon differences in the cost to the health carrier of providing coverage.

Sec. 12. Minnesota Statutes 1992, section 62L.08, subdivision 8, is amended to read:

Subd. 8. [FILING REQUIREMENT.] No later than July 1, 1993, and each year thereafter, a health carrier that offers, sells, issues, or renews a health benefit plan for small employers shall file with the commissioner the index rates and must demonstrate that all rates shall be within the rating restrictions defined in this chapter. Such demonstration must include the allowable range of rates from the index rates and a description of how the health carrier intends to use demographic factors including case characteristics in calculating the premium rates. The rates shall not be approved, unless the commissioner has determined that the rates are reasonable. In determining reasonableness, the commissioner shall consider the growth rates applied under section 62J.04, subdivision 1, paragraph (b), to the calendar year or years that the proposed premium rate would be in effect, actuarially valid changes in risk associated with the enrollee population, and actuarially valid changes as a result of statutory changes in Laws 1992, chapter 549. For premium rates proposed to go into effect between July 1, 1993, and December 31, 1993, the pertinent growth rate is the growth rate applied under section 62J.04, subdivision 1, paragraph (b), to calendar year 1994. As provided in section 62A.65, subdivision 3, this subdivision applies to the individual market, as well as to the small employer market.

Sec. 13. Minnesota Statutes 1992, section 62L.09, subdivision 1, is amended to read:

Subdivision 1. [NOTICE TO COMMISSIONER.] A health carrier electing to cease doing business in the small employer market shall notify the commissioner 180 days prior to the effective date of the cessation. ~~The cessation of business does not include the failure of a health carrier to offer or issue new business in the small employer market or continue an existing product line, provided that a health carrier does not terminate, cancel, or fail to renew its current small employer business or other product lines.~~ The health carrier shall simultaneously provide a copy of the notice to each small employer covered by a health benefit plan issued by the health carrier.

Upon making the notification, the health carrier shall not offer or issue new business in the small employer market. The health carrier shall renew its current small employer business due for renewal within 120 days after the date of the notification but shall not renew any small employer business more than 120 days after the date of the notification.

A health carrier that elects to cease doing business in the small employer market shall continue to be governed by this chapter with respect to any continuing small employer business conducted by the health carrier.

Sec. 14. Minnesota Statutes 1992, section 62L.11, subdivision 1, is amended to read:

Subdivision 1. [DISCIPLINARY PROCEEDINGS.] The commissioner may, by order, suspend or revoke a health carrier's license or certificate of authority and impose a monetary penalty not to exceed \$25,000 for each violation of this chapter, ~~including.~~ Violations include the failure to pay an assessment required by section 62L.22, and knowingly and willfully encouraging a small employer to not meet the contribution or participation requirements of section 62L.03, subdivision 3, in order to avoid the requirements of this chapter. The notice, hearing, and appeal procedures specified in section 60A.051 or 62D.16, as appropriate, apply to the order. The order is subject to judicial review as provided under chapter 14.

Sec. 15. [PHASE-IN.]

Subdivision 1. [COMPLIANCE.] No health carrier, as defined in Minnesota Statutes, section 62L.02, shall renew any health benefit plan, as defined in Minnesota Statutes, section 62L.02, except in compliance with this section.

Subd. 2. [PREMIUM ADJUSTMENTS.] (a) Any increase or decrease in premiums by a health carrier that is caused by Minnesota Statutes, section 62L.08, and that is greater than 30 percent, is subject to this subdivision. A health carrier shall determine renewal premiums only as follows:

(1) one-half of that premium increase or decrease may be charged upon the first renewal of the coverage on or after July 1, 1993; and

(2) the remaining one-half of that premium increase or decrease may be charged upon the renewal of the coverage one year after the date of the renewal under clause (1).

(b) For purposes of this subdivision, the premium increase or decrease is the total premium increase or decrease caused by section 62L.08 and not just the portion that exceeds 30 percent. This subdivision does not apply to any portion of a premium increase or decrease that is not caused by section 62L.08.

Sec. 16. [REPEALER.]

Minnesota Statutes 1992, section 62L.09, subdivision 2, is repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 16 are effective July 1, 1993.

ARTICLE 8

INDIVIDUAL MARKET REFORM; MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 43A.317, subdivision 5, is amended to read:

Subd. 5. [EMPLOYER ELIGIBILITY.] (a) [PROCEDURES.] All employers are eligible for coverage through the program subject to the terms of this subdivision. The commissioner shall establish procedures for an employer to apply for coverage through the program.

(b) [TERM.] The initial term of an employer's coverage will be two years from the effective date of the employer's application. After that, coverage will be automatically renewed for additional two-year terms unless the employer gives notice of withdrawal from the program according to procedures established by the commissioner or the commissioner gives notice to the employer of the discontinuance of the program. The commissioner may establish conditions under which an employer may withdraw from the program prior to the expiration of a two-year term, including by reason of a midyear increase in health coverage premiums of 50 percent or more. An employer that withdraws from the program may not reapply for coverage for a period of two years from its date of withdrawal.

(c) [MINNESOTA WORK FORCE.] An employer is not eligible for coverage through the program if five percent or more of its eligible employees work primarily outside Minnesota, except that an employer may apply to the program on behalf of only those employees who work primarily in Minnesota.

(d) [EMPLOYEE PARTICIPATION; AGGREGATION OF GROUPS.] An employer is not eligible for coverage through the program unless its application includes all eligible employees who work primarily in Minnesota, except employees who waive coverage as permitted by subdivision 6. Private entities that are eligible to file a combined tax return for purposes of state tax laws are considered a single employer, except as otherwise approved by the commissioner.

(e) [PRIVATE EMPLOYER.] A private employer is not eligible for coverage unless it has two or more eligible employees in the state of Minnesota. ~~If an employer has only two eligible employees, one employee must not be the spouse, child, sibling, parent, or grandparent of the other.~~ If an employer has only two eligible employees and one is the spouse, child, sibling, parent, or grandparent of the other, the employer must be a Minnesota domiciled employer and have paid social security or self-employment tax on behalf of both eligible employees.

(f) [MINIMUM PARTICIPATION.] The commissioner must require as a condition of employer eligibility that at least 75 percent of its eligible employees who have not waived coverage participate in the program. The participation level of eligible employees must be determined at the initial offering of coverage and at the renewal date of coverage. For purposes of this section, waiver of coverage includes only waivers due to coverage under another group health benefit plan.

(g) [EMPLOYER CONTRIBUTION.] The commissioner must require as a condition of employer eligibility that the employer contribute at least 50 percent toward the cost of the premium of the employee and may require that the contribution toward the cost of coverage is structured in a way that promotes price competition among the coverage options available through the program.

(h) [ENROLLMENT CAP.] The commissioner may limit employer enrollment in the program if necessary to avoid exceeding the program's reserve capacity.

Sec. 2. Minnesota Statutes 1992, section 62A.021, subdivision 1, is amended to read:

Subdivision 1. [LOSS RATIO STANDARDS.] Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, a health care ~~policy form or certificate form policies or certificates~~ shall not be delivered or issued for delivery to an individual or to a small employer as defined in section 62L.02, unless the ~~policy form or certificate form policies or certificates~~ can be expected, as estimated for the entire period for which rates are computed to provide coverage, to return to Minnesota policyholders and certificate holders in the form of aggregate benefits not including anticipated refunds or credits, provided under the ~~policy form or certificate form policies or certificates~~, (1) at least 75 percent of the aggregate amount of premiums earned in the case of policies issued in the small employer market, as defined in section 62L.02, subdivision 27, calculated on an aggregate basis; and (2) at least 65 percent of the aggregate amount of premiums earned in the case of policies each policy form or certificate form issued in the individual market, calculated on the basis of incurred claims experience or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis and earned premiums for the period and according to accepted actuarial principles and practices. ~~A health carrier shall demonstrate that the third year loss ratio is greater than or equal to the applicable percentage.~~ Assessments by the reinsurance association created in chapter 62L and any types of taxes, surcharges, or assessments created by Laws 1992, chapter 549, or created on or after April 23, 1992, are included in the calculation of incurred claims experience or incurred health care expenses. The applicable percentage for ~~policy forms policies and certificate forms certificates~~ issued in the small employer market, as defined in section 62L.02, increases by one percentage point on July 1 of each year, beginning on July 1, 1994, until an 80 82 percent loss ratio is reached on July 1, 1998 2000. The applicable percentage for policy forms and certificate forms issued in the individual market increases by one percentage point on July 1 of each year, beginning on July 1, 1994, until a 70 72 percent loss ratio is reached on July 1, 1998 2000. A health carrier that enters a market after July 1, 1993, does not start at the beginning of the phase-in schedule and must instead comply with the loss ratio requirements applicable to other health carriers in that market for each time period. Premiums earned and claims incurred in markets other than the small employer and individual markets are not relevant for purposes of this section.

Notwithstanding section 645.26, any act enacted at the 1992 regular legislative session that amends or repeals section 62A.135 or that otherwise changes the loss ratios provided in that section is void.

All filings of rates and rating schedules shall demonstrate that actual expected claims in relation to premiums comply with the requirements of this section when combined with actual experience to date. Filings of rate revisions shall also demonstrate that the anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage can be expected to meet the appropriate loss ratio standards, and aggregate loss ratio from inception of the policy form or certificate form shall equal or exceed the appropriate loss ratio standards.

A health carrier that issues health care policies and certificates to individuals or to small employers, as defined in section 62L.02, in this state shall file annually its rates, rating schedule, and supporting documentation including ratios of incurred losses to earned premiums by policy form or certificate form duration for approval by the commissioner according to the filing requirements and procedures prescribed by the commissioner. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which rates are computed. The demonstration shall exclude active life reserves. ~~An expected third year loss ratio which is greater than or equal to the applicable percentage shall be demonstrated for policy forms or certificate forms in force less than three years.~~ If the data submitted does not confirm that the health carrier has satisfied the loss ratio requirements of this section, the commissioner shall notify the health carrier in writing of the deficiency. The health carrier shall have 30 days from

the date of the commissioner's notice to file amended rates that comply with this section. If the health carrier fails to file amended rates within the prescribed time, the commissioner shall order that the health carrier's filed rates for the nonconforming policy form or certificate form be reduced to an amount that would have resulted in a loss ratio that complied with this section had it been in effect for the reporting period of the supplement. The health carrier's failure to file amended rates within the specified time or the issuance of the commissioner's order amending the rates does not preclude the health carrier from filing an amendment of its rates at a later time. The commissioner shall annually make the submitted data available to the public at a cost not to exceed the cost of copying. The data must be compiled in a form useful for consumers who wish to compare premium charges and loss ratios.

Each sale of a policy or certificate that does not comply with the loss ratio requirements of this section is an unfair or deceptive act or practice in the business of insurance and is subject to the penalties in sections 72A.17 to 72A.32.

For purposes of this section, health care policies issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.

For purposes of this section, (1) "health care policy" or "health care certificate" is a health plan as defined in section 62A.011; and (2) "health carrier" has the meaning given in section 62A.011 and includes all health carriers delivering or issuing for delivery health care policies or certificates in this state or offering these policies or certificates to residents of this state.

Sec. 3. [62A.61] [DISCLOSURE OF METHODS USED BY HEALTH CARRIERS TO DETERMINE USUAL AND CUSTOMARY FEES.]

(a) A health carrier that bases reimbursement to health care providers upon a usual and customary fee must maintain in its office a copy of a description of the methodology used to calculate fees including at least the following:

- (1) the frequency of the determination of usual and customary fees;
- (2) a general description of the methodology used to determine usual and customary fees; and
- (3) the percentile of usual and customary fees that determines the maximum allowable reimbursement.

(b) A health carrier must provide a copy of the information described in paragraph (a) to the Minnesota health care commission, the commissioner of health, or the commissioner of commerce, upon request.

(c) The commissioner of health or the commissioner of commerce, as appropriate, may use to enforce this section any enforcement powers otherwise available to the commissioner with respect to the health carrier. The appropriate commissioner shall enforce compliance with a request made under this section by the Minnesota health care commission, at the request of the commissioner. The commissioner of health or commerce, as appropriate, may require health carriers to provide the information required under this section and may use any powers granted under other laws relating to the regulation of health carriers to enforce compliance.

(d) For purposes of this section, "health carrier" has the meaning given in section 62A.011.

Sec. 4. Minnesota Statutes 1992, section 62A.65, is amended to read:

62A.65 [INDIVIDUAL MARKET REGULATION.]

Subdivision 1. [APPLICABILITY.] No health carrier, as defined in ~~chapter 62L~~ section 62A.011, shall offer, sell, issue, or renew any individual policy of accident and sickness coverage, as defined in section 62A.01, subdivision 1, ~~any individual subscriber contract regulated under chapter 62C, any individual health maintenance contract regulated under chapter 62D, any individual health benefit certificate regulated under chapter 64B, or any individual health coverage provided by a multiple employer welfare arrangement, health plan, as defined in section 62A.011, to a Minnesota resident except in compliance with this section. For purposes of this section, "health benefit plan" has the meaning given in chapter 62L, except that the term means individual coverage, including family coverage, rather than employer group coverage.~~ This section does not apply to the comprehensive health association established in section 62E.10 ~~or to coverage described in section 62A.31, subdivision 1, paragraph (h), or to long term care policies as defined in section 62A.46, subdivision 2.~~

Subd. 2. [GUARANTEED RENEWAL.] No individual health benefit plan may be offered, sold, issued, or renewed to a Minnesota resident unless the health benefit plan provides that the plan is guaranteed renewable at a premium rate that does not take into account the claims experience or any change in the health status of any covered person that occurred after the initial issuance of the health benefit plan to the person. The premium rate upon renewal must also otherwise comply with this section. A An individual health benefit plan may be subject to refusal to renew only under the conditions provided in chapter 62L for health benefit plans.

Subd. 3. [PREMIUM RATE RESTRICTIONS.] No individual health benefit plan may be offered, sold, issued, or renewed to a Minnesota resident unless the premium rate charged is determined in accordance with the rating and premium restrictions provided under chapter 62L, except that the minimum loss ratio applicable to an individual coverage health plan is as provided in section 62A.021. All provisions rating and premium restrictions of chapter 62L apply to rating and premium restrictions in the individual market, unless clearly inapplicable to the individual market.

Subd. 4. [GENDER RATING PROHIBITED.] No individual health benefit plan offered, sold, issued, or renewed to a Minnesota resident may determine the premium rate or any other underwriting decision, including initial issuance, on the gender of any person covered or to be covered under the health benefit plan.

Subd. 5. [PORTABILITY OF COVERAGE.] (a) No individual health benefit plan may be offered, sold, issued, or with respect to children age 18 or under renewed, to a Minnesota resident that contains a preexisting condition limitation or exclusion, unless the limitation or exclusion would be permitted under chapter 62L, provided that, except for children age 18 or under, underwriting restrictions may be retained on individual contracts that are issued without evidence of insurability as a replacement for prior individual coverage that was sold before May 17, 1993. The individual may be treated as a late entrant, as defined in chapter 62L, unless the individual has maintained continuous coverage as defined in chapter 62L. An individual who has maintained continuous coverage may be subjected to a one-time preexisting condition limitation as permitted under chapter 62L for persons who are not late entrants, at the time that the individual first is covered by under an individual coverage health plan by any health carrier. Thereafter, the person must not be subject to any preexisting condition limitation under an individual health plan by any health carrier, except an unexpired portion of a limitation under prior coverage, so long as the individual maintains continuous coverage.

(b) A health carrier must offer an individual coverage health plan to any individual previously covered under a group health benefit plan issued by that health carrier, so long as the individual maintained continuous coverage as defined in chapter 62L. Coverage A health plan issued under this paragraph must be a qualified plan and must not contain any preexisting condition limitation or exclusion, except for any unexpired limitation or exclusion under the previous coverage. The initial premium rate for the individual coverage health plan must comply with subdivision 3. The premium rate upon renewal must comply with subdivision 2. In no event shall the premium rate exceed 90 percent of the premium charged for comparable individual coverage by the Minnesota comprehensive health association.

Subd. 6. [GUARANTEED ISSUE NOT REQUIRED.] Nothing in this section requires a health carrier to initially issue a health benefit plan to a Minnesota resident, except as otherwise expressly provided in subdivision 4 or 5.

Sec. 5. Minnesota Statutes 1992, section 62E.11, subdivision 12, is amended to read:

Subd. 12. [FUNDING.] Notwithstanding subdivision 5, the claims expenses and operating and administrative expenses of the association incurred on or after January 1, 1994, to the extent that they exceed the premiums received, shall be paid from the health care access account established in section 16A.724, to the extent appropriated for that purpose by the legislature. Any such expenses not paid from that account shall be paid as otherwise provided in this section. All contributing members shall adjust their premium rates to fully reflect funding provided under this subdivision. The commissioner of commerce or the commissioner of health, as appropriate, shall require contributing members to prove compliance with this rate adjustment requirement.

Sec. 6. [PHASE-IN.]

Subdivision 1. [COMPLIANCE.] No health carrier, as defined in Minnesota Statutes, section 62A.011, shall renew any individual health plan, as defined in Minnesota Statutes, section 62A.011, except in compliance with this section.

Subd. 2. [PREMIUM ADJUSTMENTS.] Any increase or decrease in premiums by a health carrier that is caused by Minnesota Statutes, section 62A.65, is subject to the premium adjustments in this subdivision. A health carrier shall determine renewal premiums for any coverage under subdivision 1 as follows:

(1) one-half of the premium increase or decrease may be charged upon the first renewal of the coverage on or after July 1, 1993; and

(2) the remaining half of the premium increase or decrease may be charged upon the first renewal of the coverage one year after the date of the renewal under clause (1).

Sec. 7. [EFFECTIVE DATE.]

Sections 1, 2, and 4 to 6 are effective July 1, 1993.

ARTICLE 9

MINNESOTACARE PROGRAM

Section 1. Minnesota Statutes 1992, section 256.9351, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROVIDERS.] "Eligible providers" means those health care providers who provide covered health services to medical assistance recipients under rules established by the commissioner for that program. ~~Reimbursement under this section shall be at the same rates and conditions established for medical assistance.~~

Sec. 2. Minnesota Statutes 1992, section 256.9352, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL MANAGEMENT.] The commissioner shall manage spending for the health right plan in a manner that maintains a minimum reserve equal to five percent of the expected cost of state premium subsidies. The commissioner must make a quarterly assessment of the expected expenditures for the covered services for the remainder of the current fiscal year and for the following two fiscal years. The estimated expenditure shall be compared to an estimate of the revenues that will be deposited in the health care access fund. Based on this comparison, and after consulting with the chairs of the house appropriations committee and the senate finance committee, and the legislative commission on health care access, the commissioner shall make adjustments as necessary to ensure that expenditures remain within the limits of available revenues. The adjustments the commissioner may use must be implemented in this order: first, stop enrollment of single adults and households without children; second, upon 45 days' notice, stop coverage of single adults and households without children already enrolled in the health right plan; third, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income above 200 percent of the federal poverty guidelines; fourth, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income at or below 200 percent; and fifth, require applicants to be uninsured for at least six months prior to eligibility in the health right plan. If these measures are insufficient to limit the expenditures to the estimated amount of revenue, the commissioner may further limit enrollment or decrease premium subsidies.

~~If the commissioner determines that, despite adjustments made as authorized under this subdivision, estimated costs will exceed the forecasted amount of available revenues other than the reserve, the commissioner may, with the approval of the commissioner of finance, use all or part of the reserve to cover the costs of the program. The reserve referred to in this subdivision is appropriated to the commissioner but may only be used upon approval of the commissioner of finance, if estimated costs will exceed the forecasted amount of available revenues after all adjustments authorized under this subdivision have been made.~~

By February 1, 1994, the department of human services and the department of health shall develop a plan to adjust benefit levels, eligibility guidelines, or other steps necessary to ensure that expenditures for the MinnesotaCare program are contained within the two percent provider tax and the one percent HMO gross premiums tax for the 1996-1997 biennium. Notwithstanding any law to the contrary, no further enrollment in MinnesotaCare, and no additional hiring of staff for the departments shall take place after June 1, 1994, unless a plan to balance the MinnesotaCare budget for the 1996-1997 biennium has been passed by the 1994 legislature.

Sec. 3. Minnesota Statutes 1992, section 256.9353, is amended to read:

Subdivision 1. [COVERED HEALTH SERVICES.] "Covered health services" means the health services reimbursed under chapter 256B, with the exception of inpatient hospital services, special education services, private duty nursing services, adult dental care services other than preventive services, orthodontic services, medical transportation services, personal care assistant and case management services, hospice care services, nursing home or intermediate care facilities services, inpatient mental health services, outpatient mental health services in excess of \$1,000 per adult enrollee and \$2,500 per child enrollee per 12-month eligibility period, and chemical dependency services. Outpatient mental health services covered under the health right plan are limited to diagnostic assessments, psychological testing, explanation of findings, day treatment, partial hospitalization, and individual, family, and group psychotherapy. Medication management by a physician is not subject to the \$1,000 and \$2,500 limitations on outpatient mental health services. Covered health services shall be expanded as provided in this section.

Subd. 2. [ALCOHOL AND DRUG DEPENDENCY.] Beginning ~~October~~ July 1, 1992 ~~1993~~, covered health services shall include up to ten hours per year of individual outpatient treatment of alcohol or drug dependency by a qualified health professional or outpatient program. Two hours of group treatment count as one hour of individual treatment.

Persons who may need chemical dependency services under the provisions of this chapter shall be assessed by a local agency as defined under section 254B.01, and under the assessment provisions of section 254A.03, subdivision 3. A local agency or managed care plan under contract with the department of human services must place a person in need of chemical dependency services as provided in Minnesota Rules, parts 9530.6600 to 9530.6660. Persons who are recipients of medical benefits under the provisions of this chapter and who are financially eligible for consolidated chemical dependency treatment fund services provided under the provisions of chapter 254B shall receive chemical dependency treatment services under the provisions of chapter 254B only if:

- (1) they have exhausted the chemical dependency benefits offered under this chapter; or
- (2) an assessment indicates that they need a level of care not provided under the provisions of this chapter.

Subd. 3. [INPATIENT HOSPITAL SERVICES.] (a) Beginning July 1, 1993, covered health services shall include inpatient hospital services, including inpatient hospital mental health services and inpatient hospital and residential chemical dependency treatment, subject to those limitations necessary to coordinate the provision of these services with eligibility under the medical assistance spend-down. The inpatient hospital benefit for adult enrollees not eligible for medical assistance is subject to an annual benefit limit of \$10,000. The commissioner shall provide enrollees with at least 60 days' notice of coverage for inpatient hospital services and any premium increase associated with the inclusion of this benefit.

(b) Enrollees shall apply for and cooperate with the requirements of medical assistance by the last day of the third month following admission to an inpatient hospital. If an enrollee fails to apply for medical assistance within this time period, the enrollee and the enrollee's family shall be disenrolled from the plan within one calendar month. Enrollees and enrollees' families disenrolled for not applying for or not cooperating with medical assistance may not reenroll.

Subd. 4. [HOSPICE.] Beginning July 1, 1993, covered health services shall include hospice care services.

Subd. 4 ~~5~~. [EMERGENCY MEDICAL TRANSPORTATION SERVICES.] Beginning July 1, 1993, covered health services shall include emergency medical transportation services.

Subd. 5 ~~6~~. [FEDERAL WAIVERS AND APPROVALS COORDINATION WITH MEDICAL ASSISTANCE.] The commissioner shall coordinate the provision of hospital inpatient services under the health right plan with enrollee eligibility under the medical assistance spend-down, and shall apply to the secretary of health and human services for any necessary federal waivers or approvals.

Subd. 6 ~~7~~. [COPAYMENTS AND COINSURANCE.] The health right benefit plan shall include the following copayments and coinsurance requirements:

- (1) ten percent of the charges submitted for inpatient hospital services for adult enrollees not eligible for medical assistance, subject to an annual out-of-pocket maximum of ~~\$2,000~~ \$1,000 per individual and \$3,000 per family;
- (2) 50 percent for adult dental services, except for preventive services;

- (3) (2) \$3 per prescription for adult enrollees; and
 (4) (3) \$25 for eyeglasses for adult enrollees.

Enrollees who would be eligible for medical assistance with a spend-down shall be financially responsible for the coinsurance amount up to the spend-down limit or the coinsurance amount, whichever is less, in order to become eligible for the medical assistance program.

Sec. 4. Minnesota Statutes 1992, section 256.9354, subdivision 1, is amended to read:

Subdivision 1. [CHILDREN.] "Eligible persons" means children who are one year of age or older but less than 18 years of age who have gross family incomes that are equal to or less than ~~185~~ 150 percent of the federal poverty guidelines and who are not eligible for medical assistance under chapter 256B and who are not otherwise insured for the covered services. The period of eligibility extends from the first day of the month in which the child's first birthday occurs to the last day of the month in which the child becomes 18 years old. Eligibility for the health right plan MinnesotaCare shall be expanded as provided in subdivisions 2 to 5, except children who meet the criteria in this subdivision shall continue to be enrolled pursuant to this subdivision. Under subdivisions ~~2~~ 1 to 5, parents who enroll in the health right plan must also enroll their children and dependent siblings, if the children and their dependent siblings are eligible. Children and dependent siblings may be enrolled separately without enrollment by parents. However, if one parent in the household enrolls, both parents must enroll, unless other insurance is available. If one child from a family is enrolled, all children must be enrolled, unless other insurance is available. Families cannot choose to enroll only certain uninsured members. For purposes of this section, a "dependent sibling" means an unmarried child who is a full-time student under the age of 25 years who is financially dependent upon a parent. Proof of school enrollment will be required.

Sec. 5. Minnesota Statutes 1992, section 256.9354, subdivision 4, is amended to read:

Subd. 4. [FAMILIES WITH CHILDREN; ELIGIBILITY BASED ON PERCENTAGE OF INCOME PAID FOR HEALTH COVERAGE.] Beginning January 1, 1993, "eligible persons" means children, parents, and dependent siblings residing in the same household who are not eligible for medical assistance under chapter 256B. These persons are eligible for coverage through the health right plan but Children who meet the criteria in subdivision 1 shall continue to be enrolled pursuant to subdivision 1. Persons who are eligible under this subdivision or subdivision 2, 3, or 5 must pay a premium as determined under sections 256.9357 and 256.9358, and children eligible under subdivision 1 must pay the premium required under section 256.9356, subdivision 1. Individuals and families whose income is greater than the limits established under section 256.9358 may not enroll in the health right plan MinnesotaCare. Individuals who initially enroll in the health right plan MinnesotaCare under the eligibility criteria in this subdivision remain eligible for the health right plan MinnesotaCare, regardless of age, place of residence within Minnesota, or the presence or absence of children in the same household, as long as all other eligibility requirements are met and continuous enrollment in the health right plan MinnesotaCare or medical assistance is maintained.

Sec. 6. Minnesota Statutes 1992, section 256.9354, is amended by adding a subdivision to read:

Subd. 6. [APPLICANTS POTENTIALLY ELIGIBLE FOR MEDICAL ASSISTANCE.] Individuals who apply for MinnesotaCare, but who are potentially eligible for medical assistance shall be allowed to enroll in MinnesotaCare for a period of 60 days, so long as the applicant meets all other conditions of eligibility. The commissioner shall identify and refer such individuals to their county social service agency. The enrollee must cooperate with the county social service agency in determining medical assistance eligibility within the 60-day enrollment period. Enrollees who do not apply for and cooperate with medical assistance within the 60-day enrollment period, and their other family members, shall be disenrolled from the plan within one calendar month. Persons disenrolled for nonapplication for medical assistance may not reenroll until they have obtained a medical assistance eligibility determination for the family member or members who were referred to the county agency. Persons disenrolled for noncooperation with medical assistance may not reenroll until they have cooperated with the county agency and have obtained a medical assistance eligibility determination. The commissioner shall redetermine provider payments made under MinnesotaCare to the appropriate medical assistance payments for those enrollees who subsequently become eligible for medical assistance.

Sec. 7. Minnesota Statutes 1992, section 256.9356, is amended to read:

256.9356 [ENROLLMENT AND PREMIUM FEE FEES AND PAYMENTS.]

Subdivision 1. [ENROLLMENT FEE PREMIUM FEES.] Until October 1, 1992, An annual enrollment premium fee of \$25, not to exceed \$150 per family, \$48 is required from eligible persons for covered health services all MinnesotaCare enrollees eligible under section 256.9354, subdivision 1.

Subd. 2. [PREMIUM PAYMENTS.] ~~Beginning October 1, 1992, The commissioner shall require health right plan MinnesotaCare enrollees eligible under section 256.9354, subdivisions 2 to 5, to pay a premium based on a sliding scale, as established under section 256.9357 256.9358. Applicants who are eligible under section 256.9354, subdivision 1, are exempt from this requirement until July 1, 1993, if the application is received by the health right plan staff on or before September 30, 1992. Before July 1, 1993, these individuals shall continue to pay the annual enrollment fee required by subdivision 1.~~

Subd. 3. [ADMINISTRATION AND COMMISSIONER'S DUTIES.] ~~Enrollment and premium fees~~ Premiums are dedicated to the commissioner for the ~~health right plan MinnesotaCare.~~ The commissioner shall make an annual redetermination of continued eligibility and identify people who may become eligible for medical assistance. The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments, based upon changes in enrollee income; and (3) disenroll enrollees from the ~~health right plan MinnesotaCare~~ for failure to pay required premiums. Premiums are calculated on a calendar month basis and may be paid on a monthly ~~or, quarterly,~~ or annual basis, with the first payment due upon notice from the commissioner of the premium amount required. Premium payment is required before enrollment is complete and to maintain eligibility in the ~~health right plan MinnesotaCare.~~ Nonpayment of the premium will result in disenrollment from the plan within one calendar month after the due date. Persons disenrolled for nonpayment may not reenroll until four calendar months have elapsed.

Sec. 8. Minnesota Statutes 1992, section 256.9357, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] Families and individuals ~~who enroll on or after October 1, 1992,~~ are eligible for subsidized premium payments based on a sliding scale under section 256.9358 only if the family or individual meets the requirements in subdivisions 2 and 3. ~~Children already enrolled in the health right plan as of September 30, 1992, are eligible for subsidized premium payments without meeting these requirements, as long as they maintain continuous coverage in the health right plan or medical assistance.~~

Families and individuals who initially enrolled in the ~~health right MinnesotaCare~~ plan under section 256.9354, and whose income increases above the limits established in section 256.9358, may continue enrollment and pay the full cost of coverage.

Sec. 9. [256.9362] [PROVIDER PAYMENT.]

Subdivision 1. [MEDICAL ASSISTANCE RATE TO BE USED.] Payment to providers under sections 256.9351 to 256.9362 shall be at the same rates and conditions established for medical assistance, except as provided in subdivisions 2 to 6.

Subd. 2. [PAYMENT OF CERTAIN PROVIDERS.] Services provided by federally qualified health centers, rural health clinics, and facilities of the Indian health service shall be paid for according to the same rates and conditions applicable to the same service provided by providers that are not federally qualified health centers, rural health clinics, or facilities of the Indian health service.

Subd. 3. [INPATIENT HOSPITAL SERVICES.] Inpatient hospital services provided under section 256.9353, subdivision 3, shall be paid for as provided in subdivisions 4 to 6.

Subd. 4. [DEFINITION OF MEDICAL ASSISTANCE RATE FOR INPATIENT HOSPITAL SERVICES.] The "medical assistance rate," as used in this section to apply to rates for providing inpatient hospital services, means the rates established under sections 256.9685 to 256.9695 for providing inpatient hospital services to medical assistance recipients who receive aid to families with dependent children.

Subd. 5. [ENROLLEES YOUNGER THAN 18.] Payment for inpatient hospital services provided to MinnesotaCare enrollees who are younger than 18 years old on the date of admission to the inpatient hospital shall be at the medical assistance rate.

Subd. 6. [ENROLLEES 18 OR OLDER.] Payment by the MinnesotaCare program for inpatient hospital services provided to MinnesotaCare enrollees who are 18 years old or older on the date of admission to the inpatient hospital must be in accordance with paragraphs (a) and (b).

(a) If the medical assistance rate minus any copayment required under section 256.9353, subdivision 6, is less than or equal to the amount remaining in the enrollee's benefit limit under section 256.9353, subdivision 3, payment must be the medical assistance rate minus any copayment required under section 256.9353, subdivision 6. The hospital must not seek payment from the enrollee in addition to the copayment. The MinnesotaCare payment plus the copayment must be treated as payment in full.

(b) If the medical assistance rate minus any copayment required under section 256.9353, subdivision 6, is greater than the amount remaining in the enrollee's benefit limit under section 256.9353, subdivision 3, payment must be the lesser of:

(1) the amount remaining in the enrollee's benefit limit; or

(2) charges submitted for the inpatient hospital services less any copayment established under section 256.9353, subdivision 6.

The hospital may seek payment from the enrollee for the amount by which usual and customary charges exceed the payment under this paragraph.

Sec. 10. [256.9363] [MANAGED CARE.]

Subdivision 1. [SELECTION OF VENDORS.] In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall, where possible, contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for managed care plans which may include: prepaid capitation programs, competitive bidding programs, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Managed care plans may include integrated service networks as defined in section 62N.02.

Subd. 2. [GEOGRAPHIC AREA.] The commissioner shall designate the geographic areas in which eligible individuals must receive services through managed care plans.

Subd. 3. [LIMITATION OF CHOICE.] Persons enrolled in the MinnesotaCare program who reside in the designated geographic areas must enroll in a managed care plan to receive their health care services. Enrollees must receive their health care services from health care providers who are part of the managed care plan provider network, unless authorized by the managed care plan, in cases of medical emergency, or when otherwise required by law or by contract.

If only one managed care option is available in a geographic area, the managed care plan may require that enrollees designate a primary care provider from which to receive their health care. Enrollees will be permitted to change their designated primary care provider upon request to the managed care plan. Requests to change primary care providers may be limited to once annually. If more than one managed care plan is offered in a geographic area, enrollees will be enrolled in a managed care plan for up to one year from the date of enrollment, but shall have the right to change to another managed care plan once within the first year of initial enrollment. Enrollees may also change to another managed care plan during an annual 30 day open enrollment period. Enrollees shall be notified of the opportunity to change to another managed care plan before the start of each annual open enrollment period.

Enrollees may change managed care plans or primary care providers at other than the above designated times for cause as determined through an appeal pursuant to section 256.045.

Subd. 4. [EXEMPTIONS TO LIMITATIONS ON CHOICE.] All contracts between the department of human services and prepaid health plans or integrated service networks to serve medical assistance, general assistance medical care, and MinnesotaCare recipients must comply with the requirements of United States Code, title 42, section 1396a (a) (23) (B), notwithstanding any waivers authorized by the United States Department of Health and Human Services pursuant to United States Code, title 42, section 1315.

Subd. 5. [ELIGIBILITY FOR OTHER STATE PROGRAMS.] MinnesotaCare enrollees who become eligible for medical assistance or general assistance medical care will remain in the same managed care plan if the managed care plan has a contract for that population. Contracts between the department of human services and managed care plans must include MinnesotaCare, and medical assistance and may also include general assistance medical care.

Subd. 6. [COPAYMENTS AND BENEFIT LIMITS.] Enrollees are responsible for all copayments in section 256.9353, subdivision 6, and shall pay copayments to the managed care plan or to its participating providers. The enrollee is also responsible for payment of inpatient hospital charges which exceed the MinnesotaCare benefit limit to the managed care plan or its participating providers.

Subd. 7. [MANAGED CARE PLAN VENDOR REQUIREMENTS.] The following requirements apply to all counties or vendors who contract with the department of human services to serve MinnesotaCare recipients. Managed care plan contractors:

(1) shall authorize and arrange for the provision of the full range of services listed in section 256.9353 in order to ensure appropriate health care is delivered to enrollees;

(2) shall accept the prospective, per capita payment or other contractually defined payment from the commissioner in return for the provision and coordination of covered health care services for eligible individuals enrolled in the program;

(3) may contract with other health care and social service practitioners to provide services to enrollees;

(4) shall provide for an enrollee grievance process as required by the commissioner and set forth in the contract with the department;

(5) shall retain all revenue from enrollee copayments;

(6) shall accept all eligible MinnesotaCare enrollees, without regard to health status or previous utilization of health services;

(7) shall demonstrate capacity to accept financial risk according to requirements specified in the contract with the department. A health maintenance organization licensed under chapter 62D, or a nonprofit health plan licensed under chapter 62C, is not required to demonstrate financial risk capacity, beyond that which is required to comply with chapters 62C and 62D;

(8) shall submit information as required by the commissioner, including data required for assessing enrollee satisfaction, quality of care, cost, and utilization of services; and

(9) shall submit to the commissioner claims in the format specified by the commissioner of human services for all hospital services provided to enrollees for the purpose of determining whether enrollees meet medical assistance spenddown requirements and shall provide to the enrollee, upon the enrollee's request, information on the cost of services provided to the enrollee by the managed care plan for the purpose of establishing whether the enrollee has met medical assistance spenddown requirements.

Subd. 8. [CHEMICAL DEPENDENCY ASSESSMENTS.] The managed care plan shall be responsible for assessing the need and placement for chemical dependency services according to criteria set forth in Minnesota Rules, parts 9530.6600 to 9530.6660.

Subd. 9. [RATE SETTING.] Rates will be prospective, per capita, where possible. The commissioner shall consult with an independent actuary to determine appropriate rates.

Subd. 10. [CHILDHOOD IMMUNIZATION.] Each managed care plan contracting with the department of human services under this section shall collaborate with the local public health agencies to ensure childhood immunization to all enrolled families with children. As part of this collaboration the plan must provide the families with a recommended immunization schedule.

Sec. 11. Minnesota Statutes 1992, section 256B.057, subdivision 1, is amended to read:

Subdivision 1. [PREGNANT WOMEN AND INFANTS.] An infant less than one year of age or a pregnant woman who has written verification of a positive pregnancy test from a physician or licensed registered nurse, is eligible for medical assistance if countable family income is equal to or less than 185 275 percent of the federal poverty guideline for the same family size. For purposes of this subdivision, "countable family income" means the amount of income considered available using the methodology of the AFDC program, except for the earned income disregard and employment deductions. An amount equal to the amount of earned income exceeding 275 percent of the federal poverty guideline, up to a maximum of the combined total of 185 percent of the federal poverty guideline plus the earned income disregards and deductions of the AFDC program will be deducted for pregnant women and infants less than one year of age. Eligibility for a pregnant woman or infant less than one year of age under this subdivision must be determined without regard to asset standards established in section 256B.056, subdivision 3.

An infant born on or after January 1, 1991, to a woman who was eligible for and receiving medical assistance on the date of the child's birth shall continue to be eligible for medical assistance without redetermination until the child's first birthday, as long as the child remains in the woman's household.

Sec. 12. Minnesota Statutes 1992, section 256B.057, is amended by adding a subdivision to read:

Subd. 1a. [PREMIUMS.] Women and infants who are eligible under subdivision 1 and whose countable family income is equal to or greater than 185 percent of the federal poverty guideline for the same family size shall be required to pay a premium for medical assistance coverage based on a sliding scale as established under section 256.9358.

Sec. 13. Minnesota Statutes 1992, section 256B.057, subdivision 2a, is amended to read:

Subd. 2a. [NO ASSET TEST FOR CHILDREN AND THEIR PARENTS.] Eligibility for medical assistance for a person under age 21, and the person's parents who are eligible under section 256B.055, subdivision 3, and who live in the same household as the person eligible under age 21, must be determined without regard to asset standards established in section 256B.056.

Sec. 14. Minnesota Statutes 1992, section 256B.0644, is amended to read:

256B.0644 [PARTICIPATION REQUIRED FOR REIMBURSEMENT UNDER OTHER STATE HEALTH CARE PROGRAMS.]

A vendor of medical care, as defined in section 256B.02, subdivision 7, and a health maintenance organization, as defined in chapter 62D, must participate as a provider or contractor in the medical assistance program, general assistance medical care program, and ~~the health right plan MinnesotaCare~~ as a condition of participating as a provider in health insurance plans or contractor for state employees established under section 43A.18, the public employees insurance plan under section 43A.316, for health insurance plans offered to local statutory or home rule charter city, county, and school district employees, the workers' compensation system under section 176.135, and insurance plans provided through the Minnesota comprehensive health association under sections 62E.01 to 62E.17. The limitations on insurance plans offered to local government employees shall not be applicable in geographic areas where provider participation is limited by managed care contracts with the department of human services. For providers other than health maintenance organizations, participation in the medical assistance program means that (1) the provider accepts new medical assistance patients or (2) at least 20 percent of the provider's patients are covered by medical assistance, general assistance medical care, or ~~the health right plan MinnesotaCare~~ as their primary source of coverage. The commissioner shall establish participation requirements for health maintenance organizations. The commissioner shall provide lists of participating medical assistance providers on a quarterly basis to the commissioner of employee relations, the commissioner of labor and industry, and the commissioner of commerce. Each of the commissioners shall develop and implement procedures to exclude as participating providers in the program or programs under their jurisdiction those providers who do not participate in the medical assistance program.

Sec. 15. Minnesota Statutes 1992, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 or 256D.051; or

(2)(i) who is a resident of Minnesota; and whose equity in assets is not in excess of \$1,000 per assistance unit. No asset test shall be applied to children and their parents living in the same household. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility.

The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. However, if a disregard of \$30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first \$50 of earned income is not allowed; or

(3) who would be eligible for medical assistance except that the person resides in a facility that is determined by the commissioner or the federal health care financing administration to be an institution for mental diseases.

(b) Eligibility is available for the month of application, and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

(c) General assistance medical care is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 30 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

Sec. 16. [DEMONSTRATION WAIVER.]

The commissioner of human services shall seek a demonstration waiver or otherwise obtain federal approval to: (1) allow the state to charge premiums as described in section 12; (2) increase the income standard to 275 percent of the federal poverty guideline; and (3) continue eligibility without redetermination for infants 13 to 24 months of age.

Sec. 17. [MINNESOTACARE PROGRAM STUDY.]

The commissioner of human services shall examine the impact the MinnesotaCare program is having on the increase in medical assistance enrollment and costs. As part of this study, the commissioner shall determine whether other factors unrelated to the MinnesotaCare program may be contributing to the increase in medical assistance enrollment. The commissioner shall also make recommendations on necessary adjustments in revenues or expenditures to ensure that the health care access fund remains solvent for the 1996-1997 biennium. The commissioner shall present findings and recommendations to the legislative oversight commission by November 15, 1993.

Sec. 18. [EFFECTIVE DATE.]

Section 12 is effective July 1, 1993, or after the effective date of the waiver referred to in section 16, whichever is later. Sections 10 and 16 are effective the day following final enactment. Section 10, subdivision 4, is effective for all contracts entered into or renewed on or after the day following final enactment. Section 14 is effective for health insurance contracts negotiated after November 1, 1993.

ARTICLE 10

RURAL HEALTH INITIATIVE

Section 1. Minnesota Statutes 1992, section 144.147, subdivision 4, is amended to read:

Subd. 4. [ALLOCATION OF GRANTS.] (a) Eligible hospitals must apply to the commissioner no later than September 1 of each fiscal year for grants awarded for ~~the~~ that fiscal year ~~beginning the following July 1. A grant may be awarded upon signing of a grant contract.~~

(b) The commissioner must make a final decision on the funding of each application within 60 days of the deadline for receiving applications.

(c) Each relevant community health board has 30 days in which to review and comment to the commissioner on grant applications from hospitals in their community health service area.

(d) In determining which hospitals will receive grants under this section, the commissioner shall consider the following factors:

(1) Description of the problem, description of the project, and the likelihood of successful outcome of the project. The applicant must explain clearly the nature of the health services problems in their service area, how the grant funds will be used, what will be accomplished, and the results expected. The applicant should describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organizations.

(2) The extent of community support for the hospital and this proposed project. The applicant should demonstrate support for the hospital and for the proposed project from other local health service providers and from local community and government leaders. Evidence of such support may include past commitments of financial support from local individuals, organizations, or government entities; and commitment of financial support, in-kind services or cash, for this project.

(3) The comments, if any, resulting from a review of the application by the community health board in whose community health service area the hospital is located.

(e) In evaluating applications, the commissioner shall score each application on a 100 point scale, assigning the maximum of 70 points for an applicant's understanding of the problem, description of the project, and likelihood of successful outcome of the project; and a maximum of 30 points for the extent of community support for the hospital and this project. The commissioner may also take into account other relevant factors.

(f) A grant to a hospital, including hospitals that submit applications as consortia, may not exceed ~~\$50,000~~ \$37,500 a year and may not exceed a term of two years. Prior to the receipt of any grant, the hospital must certify to the commissioner that at least one-half of the amount, which may include in-kind services, is available for the same purposes from nonstate sources. A hospital receiving a grant under this section may use the grant for any expenses incurred in the development of strategic plans or the implementation of transition projects with respect to which the grant is made. Project grants may not be used to retire debt incurred with respect to any capital expenditure made prior to the date on which the project is initiated.

(g) The commissioner may adopt rules to implement this section.

Sec. 2. Minnesota Statutes 1992, section 144.1484, subdivision 1, is amended to read:

Subdivision 1. [SOLE COMMUNITY HOSPITAL FINANCIAL ASSISTANCE GRANTS.] The commissioner of health shall award financial assistance grants to rural hospitals in isolated areas of the state. To qualify for a grant, a hospital must: (1) be eligible to be classified as a sole community hospital according to the criteria in Code of Federal Regulations, title 42, section 412.92 or be located in a community with a population of less than 5,000 and located more than 25 miles from a like hospital currently providing acute short-term services; (2) have experienced net income losses in the two most recent consecutive hospital fiscal years for which audited financial information is available; (3) consist of ~~30~~ 40 or fewer licensed beds; and (4) ~~have exhausted local sources of support. Before applying for a grant, the hospital must have developed a strategic plan. The commissioner shall award grants in equal amounts.~~ demonstrate to the commissioner that it has obtained local support for the hospital and that any state support awarded under this program will not be used to supplant local support for the hospital. The commissioner shall review audited financial statements of the hospital to assess the extent of local support. Evidence of local support may include bonds issued by a local government entity such as a city, county, or hospital district for the purpose of

financing hospital projects; and loans, grants, or donations to the hospital from local government entities, private organizations, or individuals. The commissioner shall determine the amount of the award to be given to each eligible hospital based on the hospital's financial need and the total amount of funding available.

Sec. 3. Minnesota Statutes 1992, section 144.1484, subdivision 2, is amended to read:

Subd. 2. [GRANTS TO AT-RISK RURAL HOSPITALS TO OFFSET THE IMPACT OF THE HOSPITAL TAX.] (a) The commissioner of health shall award financial assistance grants to rural hospitals that would otherwise close as a direct result of the hospital tax in section 295.52. To be eligible for a grant, a hospital must have 50 or fewer beds and must not be located in a city of the first class. To receive a grant, the hospital must demonstrate to the satisfaction of the commissioner of health that the hospital will close in the absence of state assistance under this subdivision and that the hospital tax is the principal reason for the closure.

(b) At a minimum the hospital must demonstrate that:

(1) it has had a net margin of minus ten percent or below in at least one of the last two years or a net margin of less than zero percent in at least three of the last four years. For purposes of this subdivision, "net margin" means the ratio of net income from all hospital sources to total revenues generated by the hospital;

(2) it has had a negative cash flow in at least three of the last four years. For purposes of this subdivision, "cash flow" means the total of net income plus depreciation; and

(3) its fund balance has declined by at least 25 percent over the last two years, and its fund balance at the end of its last fiscal year was equal to or less than its accumulated net loss during the last two years. For purposes of this subdivision, "fund balance" means the excess of assets of the hospital's fund over its liabilities and reserves.

(c) A hospital seeking a grant shall submit the following with its application:

(1) a statement of the projected dollar amount of tax liability for the current fiscal year, projected monthly disbursements, and projected net patient revenue base for the current fiscal year, broken down by payer categories including Medicare, medical assistance, MinnesotaCare, general assistance medical care, and others. The figures must be certified by the hospital administrator;

(2) a statement of all rate increases, listing the date and percentage of each increase during the last three years and the date and percentage of any increases for the current fiscal year. The statement must be certified by the hospital administrator and must include a narrative explaining whether or not the rate increase incorporates a pass-through of the hospital tax;

(3) a statement certified by the chair or equivalent of the hospital board, and by an independent auditor, that the hospital will close within the next 12 months as a result of the hospital tax unless it receives a grant; and

(4) a statement certified by the chair or equivalent of the hospital board that the hospital will not close for financial reasons within the next 12 months if it receives a grant.

The amount of the grant must not exceed the amount of the tax the hospital would pay under section 295.52, based on the previous year's hospital revenues. A hospital that closes within 12 months after receiving a grant under this subdivision must refund the amount of the grant to the commissioner of health.

ARTICLE 11

HEALTH PROFESSIONAL EDUCATION

Section 1. Minnesota Statutes 1992, section 124C.62, is amended to read:

124C.62 [SUMMER HEALTH CARE INTERNS.]

Subdivision 1. [SUMMER INTERNSHIPS.] The commissioner of education, through a contract with a nonprofit organization as required by subdivision 4, shall award grants to hospitals and clinics to establish a summer health care intern program for pupils who intend to complete high school graduation requirements and who are between their junior and senior year of high school. The purpose of the program is to expose interested high school pupils to various careers within the health care profession.

Subd. 2. [CRITERIA.] (a) ~~The commissioner, with the advice of the Minnesota Medical Association and the Minnesota Hospital Association, through the organization under contract, shall establish criteria for awarding award grants to hospitals and clinics: that agree to:~~

~~(b) The criteria must include, among other things:~~

~~(1) the kinds of provide summer health care interns with formal exposure to the health care profession a hospital or clinic can provide to a pupil;~~

~~(2) the need for health care professionals in a particular area; and provide an orientation for summer health care interns;~~

~~(3) the willingness of a hospital or clinic to pay one-half the costs of employing a pupil summer health care intern, based on an overall hourly wage that is at least the minimum wage but does not exceed \$6 an hour; and~~

~~(4) interview and hire pupils for a minimum of six weeks and a maximum of 12 weeks.~~

~~(b) In order to be eligible to be hired as a summer health intern by a hospital or clinic, a pupil must:~~

~~(1) intend to complete high school graduation requirements and be between the junior and senior year of high school;~~

~~(2) be from a school district in proximity to the facility; and~~

~~(3) provide the facility with a letter of recommendation from a health occupations or science educator.~~

~~(c) Hospitals and clinics awarded grants may employ pupils as summer health care interns beginning on or after June 15, 1993, if they agree to pay the intern, during the period before disbursement of state grant money, with money designated as the facility's 50 percent contribution towards internship costs.~~

~~(e) The Minnesota Medical Association and the Minnesota Hospital Association must provide the commissioner, by January 31, 1993, with a list of hospitals and clinics willing to participate in the program and what provisions those hospitals or clinics will make to ensure a pupil's adequate exposure to the health care profession, and indicate whether a hospital or clinic is willing to pay one-half the costs of employing a pupil.~~

Subd. 3. [GRANTS.] The commissioner, through the organization under contract, shall award grants to hospitals and clinics meeting the requirements of subdivision 2. The grants must be used to pay one-half of the costs of employing a pupil in a hospital or clinic during the course of the program. No more than five pupils may be selected from any one high school to participate in the program and no more than one-half of the number of pupils selected may be from the seven-county metropolitan area.

Subd. 4. [CONTRACT.] The commissioner shall contract with a statewide, nonprofit organization representing facilities at which summer health care interns will serve, to administer the grant program established by this section. The organization awarded the grant shall provide the commissioner with any information needed by the commissioner to evaluate the program, in the form and at the times specified by the commissioner.

Sec. 2. Minnesota Statutes 1992, section 136A.1355, subdivision 1, is amended to read:

Subdivision 1. [CREATION OF ACCOUNT.] A rural physician education account is established in the health care access fund. The higher education coordinating board shall use money from the account to establish a loan forgiveness program for medical students agreeing to practice in designated rural areas, as defined by the board.

Sec. 3. Minnesota Statutes 1992, section 136A.1355, subdivision 3, is amended to read:

Subd. 3. [LOAN FORGIVENESS.] ~~Prior to June 30, 1992, the higher education coordinating board may accept up to eight applicants who are fourth year medical students, up to eight applicants who are first year residents, and up to eight applicants who are second year residents for participation in the loan forgiveness program. For the period July 1, 1992 1993 through June 30, 1995, the higher education coordinating board may accept up to eight four applicants who are fourth year medical students, three applicants who are pediatric residents, and four applicants who are family practice residents, and one applicant who is an internal medicine resident, per fiscal year for participation~~

in the loan forgiveness program. If the higher education coordinating board does not receive enough applicants per fiscal year to fill the number of residents in the specific areas of practice, the resident applicants may be from any area of practice. The eight resident applicants can be in any year of training. Applicants are responsible for securing their own loans. Applicants chosen to participate in the loan forgiveness program may designate for each year of medical school, up to a maximum of four years, an agreed amount, not to exceed \$10,000, as a qualified loan. For each year that a participant serves as a physician in a designated rural area, up to a maximum of four years, the higher education coordinating board shall annually pay an amount equal to one year of qualified loans. Participants who move their practice from one designated rural area to another remain eligible for loan repayment. In addition, if a resident participating in the loan forgiveness program serves at least four weeks during a year of residency substituting for a rural physician to temporarily relieve the rural physician of rural practice commitments to enable the rural physician to take a vacation, engage in activities outside the practice area, or otherwise be relieved of rural practice commitments, the participating resident may designate up to an additional \$2,000, above the \$10,000 maximum, for each year of residency during which the resident substitutes for a rural physician for four or more weeks.

Sec. 4. Minnesota Statutes 1992, section 136A.1355, subdivision 4, is amended to read:

Subd. 4. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the required three-year minimum commitment of service in a designated rural area, the higher education coordinating board shall collect from the participant the amount paid by the board under the loan forgiveness program. The higher education coordinating board shall deposit the money collected in the rural physician education account established in subdivision 1. The board shall allow waivers of all or part of the money owed the board if emergency circumstances prevented fulfillment of the three-year service commitment.

Sec. 5. Minnesota Statutes 1992, section 136A.1355, is amended by adding a subdivision to read:

Subd. 5. [LOAN FORGIVENESS; UNDERSERVED URBAN COMMUNITIES.] For the period July 1, 1993 to June 30, 1995, the higher education coordinating board may accept up to four applicants who are either fourth year medical students, or residents in family practice, pediatrics, or internal medicine per fiscal year for participation in the urban primary care physician loan forgiveness program. The resident applicants may be in any year of residency training. Applicants are responsible for securing their own loans. Applicants chosen to participate in the loan forgiveness program may designate for each year of medical school, up to a maximum of four years, an agreed amount, not to exceed \$10,000, as a qualified loan. For each year that a participant serves as a physician in a designated underserved urban area, up to a maximum of four years, the higher education coordinating board shall annually pay an amount equal to one year of qualified loans. Participants who move their practice from one designated underserved urban community to another remain eligible for loan repayment.

Sec. 6. Minnesota Statutes 1992, section 136A.1356, subdivision 2, is amended to read:

Subd. 2. [CREATION OF ACCOUNT.] A midlevel practitioner education account is established in the health care access fund. The higher education coordinating board shall use money from the account to establish a loan forgiveness program for midlevel practitioners agreeing to practice in designated rural areas.

Sec. 7. Minnesota Statutes 1992, section 136A.1356, subdivision 5, is amended to read:

Subd. 5. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the service commitment required under subdivision 4 for full repayment of all qualified loans, the higher education coordinating board shall collect from the participant 100 percent of any payments made for qualified loans and interest at a rate established according to section 270.75. The higher education coordinating board shall deposit the money collected in the midlevel practitioner education account established in subdivision 2. The board shall allow waivers of all or part of the money owed the board if emergency circumstances prevented fulfillment of the required service commitment.

Sec. 8. Minnesota Statutes 1992, section 136A.1357, is amended to read:

136A.1357 [EDUCATION ACCOUNT FOR NURSES WHO AGREE TO PRACTICE IN A NURSING HOME OR INTERMEDIATE CARE FACILITY FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

Subdivision 1. [CREATION OF THE ACCOUNT.] An education account in the general health care access fund is established for a loan forgiveness program for nurses who agree to practice nursing in a nursing home or intermediate care facility for persons with mental retardation or related conditions. The account consists of money appropriated by the legislature and repayments and penalties collected under subdivision 4. Money from the account must be used for a loan forgiveness program.

Subd. 2. [ELIGIBILITY.] To be eligible to participate in the loan forgiveness program, a person planning to enroll or enrolled in a program of study designed to prepare the person to become a registered nurse or licensed practical nurse must submit a letter of interest to the board before ~~completing the first year of study~~ completion of a nursing education program. Before ~~completing the first year of study~~ completion of the program, the applicant must sign a contract in which the applicant agrees to practice nursing for at least one of the first two years following completion of the nursing education program providing nursing services in a licensed nursing home or intermediate care facility for persons with mental retardation or related conditions.

Subd. 3. [LOAN FORGIVENESS.] The board may accept up to ten applicants a year. Applicants are responsible for securing their own loans. For each year of nursing education, for up to two years, applicants accepted into the loan forgiveness program may designate an agreed amount, not to exceed \$3,000, as a qualified loan. For each year that a participant practices nursing in a nursing home or intermediate care facility for persons with mental retardation or related conditions, up to a maximum of two years, the board shall annually repay an amount equal to one year of qualified loans. Participants who move from one nursing home or intermediate care facility for persons with mental retardation or related conditions to another remain eligible for loan repayment.

Subd. 4. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the service commitment required under subdivision 3 for full repayment of all qualified loans, the ~~commissioner~~ higher education coordinating board shall collect from the participant 100 percent of any payments made for qualified loans and interest at a rate established according to section 270.75. The board shall deposit the collections in the ~~general health care access~~ fund to be credited to the account established in subdivision 1. The board may grant a waiver of all or part of the money owed as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the required service commitment.

Subd. 5. [RULES.] The board shall adopt rules to implement this section.

Sec. 9. [136A.1358] [RURAL CLINICAL SITES FOR NURSE PRACTITIONER EDUCATION.]

Subdivision 1. [DEFINITION.] For purposes of this section, "rural" means any area of the state outside of the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and outside the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud.

Subd. 2. [ESTABLISHMENT.] A grant program is established under the authority of the higher education coordinating board to provide grants to colleges or schools of nursing located in Minnesota that operate programs of study designed to prepare registered nurses for advanced practice as nurse practitioners.

Subd. 3. [PROGRAM GOALS.] Colleges and schools of nursing shall use grants received to provide rural students with increased access to programs of study for nurse practitioners, by:

- (1) developing rural clinical sites;
- (2) allowing students to remain in their rural communities for clinical rotations; and
- (3) providing faculty to supervise students at rural clinical sites.

The overall goal of the grant program is to increase the number of graduates of nurse practitioner programs who work in rural areas of the state.

Subd. 4. [RESPONSIBILITY OF NURSING PROGRAMS.] (a) Colleges or schools of nursing interested in participating in the grant program must apply to the higher education coordinating board, according to the policies established by the board. Applications submitted by colleges or schools of nursing must include a detailed proposal for achieving the goals listed in subdivision 3, a plan for encouraging sufficient applications from rural applicants to meet the requirements of paragraph (b), and any additional information required by the board.

(b) Each college or school of nursing, as a condition of accepting a grant, shall make at least 25 percent of the openings in each nurse practitioner entering class available to applicants who live in rural areas and desire to practice as a nurse practitioner in rural areas. This requirement is effective beginning with the fall 1994 entering class and remains in effect for each biennium thereafter for which a college or school of nursing is awarded a grant renewal. The board may exempt colleges or schools of nursing from this requirement if the college or school can demonstrate, to the satisfaction of the board, that the nurse practitioner program did not receive enough applications or acceptance letters from qualified rural applicants to meet the requirement.

(c) Colleges or schools of nursing participating in the grant program shall report to the higher education coordinating board on their program activity as requested by the board.

Subd. 5. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] (a) The board shall establish an application process for interested colleges and schools of nursing, and shall require colleges and schools of nursing to submit grant applications to the board by November 1, 1993. The board may award up to two grants for the biennium ending June 30, 1995.

(b) In selecting grant recipients, the board shall consider:

(1) the likelihood that an applicant's grant proposal will be successful in achieving the program goals listed in subdivision 3;

(2) the potential effectiveness of the college's or school's plan to encourage applications from rural applicants; and

(3) the academic quality of the college's or school's program of education for nurse practitioners.

(c) The board shall notify grant recipients of an award by December 1, 1993, and shall disburse the grants by January 1, 1994. The board may renew grants if a college or school of nursing demonstrates that satisfactory progress has been made during the past biennium toward achieving the goals listed in subdivision 3.

Sec. 10. Minnesota Statutes 1992, section 137.38, subdivision 2, is amended to read:

Subd. 2. [PRIMARY CARE.] For purposes of sections 137.38 to 137.40, "primary care" means a type of medical care delivery that assumes ongoing responsibility for the patient in both health maintenance and illness treatment. It is personal care involving a unique interaction and communication between the patient and the physician. It is comprehensive in scope, and includes all the overall coordination of the care of the patient's health care problems including biological, behavioral, and social problems. The appropriate use of consultants and community resources is an important aspect of effective primary care. Primary care physicians include family practitioners, general pediatricians, and general internists.

Sec. 11. Minnesota Statutes 1992, section 137.38, subdivision 3, is amended to read:

Subd. 3. [GOALS.] The board of regents of the University of Minnesota, through the University of Minnesota medical school, is requested to implement the initiatives required by sections 137.38 to 137.40 in order to increase the number of graduates of residency programs of the medical school who practice primary care by 20 percent over an eight-year period. The initiatives must be designed to encourage newly graduated primary care physicians to establish practices in areas of rural and urban Minnesota that are medically underserved.

Sec. 12. Minnesota Statutes 1992, section 137.38, subdivision 4, is amended to read:

Subd. 4. [GRANTS.] The board of regents is requested to seek grants from private foundations and other nonstate sources, including community provider organizations, for the medical school initiatives outlined in sections 137.38 to 137.40.

Sec. 13. Minnesota Statutes 1992, section 137.39, subdivision 2, is amended to read:

Subd. 2. [DESIGN OF CURRICULUM.] The medical school is requested to ensure that its curriculum provides students with early exposure to primary care physicians and primary care practice, and to address other primary care curriculum issues such as public health, preventive medicine, and health care delivery. The medical school is requested to also support premedical school educational initiatives that provide students with greater exposure to primary care physicians and practices.

Sec. 14. Minnesota Statutes 1992, section 137.39, subdivision 3, is amended to read:

Subd. 3. [CLINICAL EXPERIENCES IN PRIMARY CARE.] The medical school, in consultation with medical school faculty at the University of Minnesota, Duluth, is requested to develop a program to provide students with clinical experiences in primary care settings in internal medicine and pediatrics. The program must provide training experiences in medical clinics in rural Minnesota communities, as well as in community clinics and health maintenance organizations in the Twin Cities metropolitan area.

Sec. 15. Minnesota Statutes 1992, section 137.40, subdivision 3, is amended to read:

Subd. 3. [CONTINUING MEDICAL EDUCATION.] The medical school is requested to develop continuing medical education programs for primary care physicians that are comprehensive, community-based, and accessible to primary care physicians in all areas of the state, and which enhance primary care skills.

Sec. 16. [144.1487] [LOAN REPAYMENT PROGRAM FOR HEALTH PROFESSIONALS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of sections 144.1487 to 144.1492, the following definitions apply.

(b) "Board" means the higher education coordinating board.

(c) "Health professional shortage area" means an area designated as such by the federal secretary of health and human services, as provided under Code of Federal Regulations, title 42, part 5, and United States Code, title 42, section 254E.

Subd. 2. [ESTABLISHMENT AND PURPOSE.] The commissioner shall establish a National Health Services Corps state loan repayment program authorized by section 388I of the Public Health Service Act, United States Code, title 42, section 254q-1, as amended by Public Law Number 101-597. The purpose of the program is to assist communities with the recruitment and retention of health professionals in federally designated health professional shortage areas.

Sec. 17. [144.1488] [PROGRAM ADMINISTRATION AND ELIGIBILITY.]

Subdivision 1. [DUTIES OF THE COMMISSIONER OF HEALTH.] The commissioner shall administer the state loan repayment program. The commissioner shall:

(1) ensure that federal funds are used in accordance with program requirements established by the federal National Health Services Corps;

(2) notify potentially eligible loan repayment sites about the program;

(3) develop and disseminate application materials to sites;

(4) review and rank applications using the scoring criteria approved by the federal department of health and human services as part of the Minnesota department of health's National Health Services Corps state loan repayment program application;

(5) select sites that qualify for loan repayment based upon the availability of federal and state funding;

(6) provide the higher education coordinating board with a list of qualifying sites; and

(7) carry out other activities necessary to implement and administer sections 144.1487 to 144.1492.

The commissioner shall enter into an interagency agreement with the higher education coordinating board to carry out the duties assigned to the board under sections 144.1487 to 144.1492.

Subd. 2. [DUTIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board, through an interagency agreement with the commissioner of health, shall:

(1) verify the eligibility of program participants;

(2) sign a contract with each participant that specifies the obligations of the participant and the state;

(3) arrange for the payment of qualifying educational loans for program participants;

(4) monitor the obligated service of program participants;

(5) waive or suspend service or payment obligations of participants in appropriate situations;

(6) place participants who fail to meet their obligations in default;

(7) enforce penalties for default; and

(8) report regularly to the commissioner.

Subd. 3. [ELIGIBLE LOAN REPAYMENT SITES.] Private, nonprofit, and public entities located in and providing health care services in federally designated primary care health professional shortage areas are eligible to apply for the program. The commissioner shall develop a list of Minnesota health professional shortage areas in greatest need of health care professionals and shall select loan repayment sites from that list. The commissioner shall ensure, to the greatest extent possible, that the geographic distribution of sites within the state reflects the percentage of the population living in rural and urban health professional shortage areas.

Subd. 4. [ELIGIBLE HEALTH PROFESSIONALS.] (a) To be eligible to apply to the higher education coordinating board for the loan repayment program, health professionals must be citizens or nationals of the United States, must not have any unserved obligations for service to a federal, state, or local government, or other entity, and must be ready to begin full-time clinical practice upon signing a contract for obligated service.

(b) In selecting physicians for participation, the board shall give priority to physicians who are board certified or have completed a residency in family practice, osteopathic general practice, obstetrics and gynecology, internal medicine, or pediatrics. A physician selected for participation is not eligible for loan repayment until the physician has an employment agreement or contract with an eligible loan repayment site and has signed a contract for obligated service with the higher education coordinating board.

Sec. 18. [144.1489] [OBLIGATIONS OF PARTICIPANTS.]

Subdivision 1. [CONTRACT REQUIRED.] Before starting the period of obligated service, a participant must sign a contract with the higher education coordinating board that specifies the obligations of the participant and the board.

Subd. 2. [OBLIGATED SERVICE.] A participant shall agree in the contract to fulfill the period of obligated service by providing primary health care services in full-time clinical practice. The service must be provided in a private, nonprofit, or public entity that is located in and providing services to a federally designated health professional shortage area and that has been designated as an eligible site by the commissioner under the state loan repayment program.

Subd. 3. [LENGTH OF SERVICE.] Participants must agree to provide obligated service for a minimum of two years. A participant may extend a contract to provide obligated service for a third year, subject to board approval and the availability of federal and state funding.

Subd. 4. [AFFIDAVIT OF SERVICE REQUIRED.] Within 30 days of the start of obligated service, and by February 1 of each succeeding calendar year, a participant shall submit an affidavit to the board stating that the participant is providing the obligated service and which is signed by a representative of the organizational entity in which the service is provided. Participants must provide written notice to the board within 30 days of: a change in name or address, a decision not to fulfill a service obligation, or cessation of clinical practice.

Subd. 5. [TAX RESPONSIBILITY.] The participant is responsible for reporting on federal income tax returns any amount paid by the state on designated loans, if required to do so under federal law.

Subd. 6. [NONDISCRIMINATION REQUIREMENTS.] Participants are prohibited from charging a higher rate for professional services than the usual and customary rate prevailing in the area where the services are provided. If a patient is unable to pay this charge, a participant shall charge the patient a reduced rate or not charge the patient. Participants must agree not to discriminate on the basis of ability to pay or status as a Medicare or medical assistance enrollee. Participants must agree to accept assignment under the Medicare program and to serve as an enrolled provider under medical assistance.

Sec. 19. [144.1490] [RESPONSIBILITIES OF THE LOAN REPAYMENT PROGRAM.]

Subdivision 1. [LOAN REPAYMENT.] Subject to the availability of federal and state funds for the loan repayment program, the higher education coordinating board shall pay all or part of the qualifying education loans up to \$20,000 annually for each primary care physician participant that fulfills the required service obligation. For purposes of this provision, "qualifying educational loans" are government and commercial loans for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a health care professional.

Subd. 2. [PROCEDURE FOR LOAN REPAYMENT.] Program participants, at the time of signing a contract, shall designate the qualifying loan or loans for which the higher education coordinating board is to make payments. The participant shall submit to the board all payment books for the designated loan or loans or all monthly billings for the designated loan or loans within five days of receipt. The board shall make payments in accordance with the terms and conditions of the designated loans, in an amount not to exceed \$20,000 when annualized. If the amount paid by the board is less than \$20,000 during a 12-month period, the board shall pay during the 12th month an additional amount towards a loan or loans designated by the participant, to bring the total paid to \$20,000. The total amount paid by the board must not exceed the amount of principal and accrued interest of the designated loans.

Sec. 20. [144.1491] [FAILURE TO COMPLETE OBLIGATED SERVICE.]

Subdivision 1. [PENALTIES FOR BREACH OF CONTRACT.] A program participant who fails to complete two years of obligated service shall repay the amount paid, as well as a financial penalty based upon the length of the service obligation not fulfilled. If the participant has served at least one year, the financial penalty is the number of unserved months multiplied by \$1,000. If the participant has served less than one year, the financial penalty is the total number of obligated months multiplied by \$1,000.

Subd. 2. [SUSPENSION OR WAIVER OF OBLIGATION.] Payment or service obligations cancel in the event of a participant's death. The board may waive or suspend payment or service obligations in case of total and permanent disability or long-term temporary disability lasting for more than two years. The board shall evaluate all other requests for suspension or waivers on a case-by-case basis.

Sec. 21. [NURSE PRACTITIONER PROMOTION TEAMS.]

The commissioner of health, through the office of rural health, shall establish nurse practitioner promotion teams, consisting of one nurse practitioner and one physician who are practicing jointly. The promotion teams shall travel to rural communities and provide physicians, medical clinic administrators, and other interested parties with information on: the benefits of joint practices between nurse practitioners and physicians and methods of establishing and maintaining joint practices. The office of rural health shall contract with promotion teams to visit up to 20 rural communities during the biennium ending June 30, 1995. The office of rural health shall provide members of promotion teams with stipends for their time and travel expenses not to exceed the amount specified in Minnesota Statutes, section 15.059, subdivision 3.

Sec. 22. [EFFECTIVE DATE.]

Section 1, relating to summer internships, is effective the day following final enactment. Sections 16 to 20 related to the National Health Services Corps loan repayment program are effective the day following final enactment.

ARTICLE 12

DATA RESEARCH INITIATIVES

Section 1. Minnesota Statutes 1992, section 62J.30, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of sections 62J.30 to 62J.34, the following definitions apply:

(a) "Practice parameter" means a statement intended to guide the clinical decision making of health care providers and patients that is supported by the results of appropriately designed outcomes research studies, ~~including those studies sponsored or that has been approved~~ by the federal agency for health care policy and research, or has been adopted for use by a national medical society ~~the American Medical Association, the National Medical Association, a member board of the American Board of Medical Specialties, a board approved by the American Osteopathic Association, a college or board approved by the Royal College of Physicians and Surgeons of Canada, a national health professional board or association, or a board approved by the American Dental Association.~~

(b) "Outcomes research" means research designed to identify and analyze the outcomes and costs of alternative interventions for a given clinical condition, in order to determine the most appropriate and cost-effective means to prevent, diagnose, treat, or manage the condition, or in order to develop and test methods for reducing inappropriate or unnecessary variations in the type and frequency of interventions.

Sec. 2. Minnesota Statutes 1992, section 62J.30, subdivision 6, is amended to read:

Subd. 6. [DATA COLLECTION PROCEDURES.] The health care analysis unit shall collect data from health care providers, health carriers, and individuals in the most cost-effective manner, which does not unduly burden providers them. The unit may require health care providers and health carriers to collect and provide all patient health records and claim files, provide mailing lists of patients who have consented to release of data, and cooperate in other ways with the data collection process. For purposes of this chapter, the health care analysis unit shall assign, or require health care providers and health carriers to assign, a unique identification number to each patient to safeguard patient identity. The unit may also require health care providers and health carriers to provide mailing lists of patients who have consented to release of data. The commissioner shall require all health care providers, group purchasers, and state agencies to use a standard patient identifier and a standard identifier for providers and health plans when reporting data under this chapter. The data analysis unit must code patient identifiers to prevent identification and to enable release of otherwise private data to researchers, providers, and group purchasers in a manner consistent with chapter 13 and section 144.335.

Sec. 3. Minnesota Statutes 1992, section 62J.30, subdivision 7, is amended to read:

Subd. 7. [DATA CLASSIFICATION.] (a) Data collected through the large-scale data base initiatives of the health care analysis unit required by section 62J.31 that identify individuals are private data on individuals. Data not on individuals are nonpublic data. The commissioner may release private data on individuals and nonpublic data to researchers affiliated with university research centers or departments who are conducting research on health outcomes, practice parameters, and medical practice style; researchers working under contract with the commissioner; and individuals purchasing health care services for health carriers and groups. ~~Prior to releasing any nonpublic or private data under this paragraph that identify or relate to a specific health carrier, medical provider, or health care facility, the commissioner shall provide at least 30 days' notice to the subject of the data, including a copy of the relevant data, and allow the subject of the data to provide a brief explanation or comment on the data which must be released with the data. The commissioner shall require any person or organization receiving under this subdivision either private data on individuals or nonpublic data to sign an agreement to maintain the data that it receives according to the statutory provisions applicable to the data. The agreement shall not limit the preparation and dissemination of summary data as permitted under section 13.05, subdivision 7.~~ To the extent reasonably possible, release of private or confidential data under this chapter shall be made without releasing data that could reveal the identity of individuals and should instead be released using the identification numbers required by subdivision 6.

(b) Summary data derived from data collected through the large-scale data base initiatives of the health care analysis unit may be provided under section 13.05, subdivision 7, and may be released in studies produced by the commissioner.

(c) The commissioner shall adopt rules to establish criteria and procedures to govern access to and the use of data collected through the initiatives of the health care analysis unit.

Sec. 4. Minnesota Statutes 1992, section 62J.30, subdivision 8, is amended to read:

Subd. 8. [DATA COLLECTION ADVISORY COMMITTEE.] (a) The commissioner shall convene a 15-member data collection advisory committee consisting of health service researchers, health care providers, health carrier representatives, representatives of businesses that purchase health coverage, and consumers. Six members of this committee must be health care providers. The advisory committee shall evaluate methods of data collection and shall recommend to the commissioner methods of data collection that minimize administrative burdens, address data privacy concerns, and meet the needs of health service researchers. The advisory committee is governed by section 15.059.

(b) The data collection advisory committee shall develop a timeline to complete all responsibilities and transfer any ongoing responsibilities to the data institute. The timeline must specify the data on which ongoing responsibilities will be transferred. This transfer must be completed by July 1, 1994.

Sec. 5. Minnesota Statutes 1992, section 62J.32, subdivision 4, is amended to read:

Subd. 4. [PRACTICE PARAMETER ADVISORY COMMITTEE.] (a) The commissioner shall convene a 15-member practice parameter advisory committee comprised of eight health care professionals, and representatives of the research community and the medical technology industry. The committee shall present recommendations on the adoption of practice parameters to the commissioner and the Minnesota health care commission and provide technical assistance as needed to the commissioner and the commission. The advisory committee is governed by section 15.059, but does not expire.

(b) The commissioner, upon the advice and recommendation of the practice parameter advisory committee, may convene expert review panels to assess practice parameters and outcome research associated with practice parameters.

Sec. 6. Minnesota Statutes 1992, section 62J.34, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] The commissioner of health, after receiving the advice and recommendations of the Minnesota health care commission, may approve practice parameters that are endorsed, developed, or revised by the health care analysis unit. The commissioner is exempt from the rulemaking requirements of chapter 14 when approving practice parameters approved by the federal agency for health care policy and research, practice parameters adopted for use by ~~a national medical society, or national medical specialty society~~ the American Medical Association, the National Medical Association, a member board of the American Board of Medical Specialties, a board approved by the American Osteopathic Association, a college or board approved by the Royal College of Physicians and Surgeons of Canada, a national health professional board or association, a board approved by the American Dental Association. The commissioner shall use rulemaking to approve practice parameters that are newly developed or substantially revised by the health care analysis unit. Practice parameters adopted without rulemaking must be published in the State Register.

Sec. 7. Minnesota Statutes 1992, section 144.335, is amended by adding a subdivision to read:

Subd. 3b. [RELEASE OF RECORDS TO COMMISSIONER OF HEALTH OR DATA INSTITUTE.] Subdivision 3a does not apply to the release of health records to the commissioner of health or the data institute under chapter 62J, provided that the commissioner encrypts the patient identifier upon receipt of the data.

Sec. 8. Minnesota Statutes 1992, section 214.16, subdivision 3, is amended to read:

Subd. 3. [GROUNDS FOR DISCIPLINARY ACTION.] The board shall take disciplinary action, which may include license revocation, against a regulated person for:

- (1) intentional failure to provide the commissioner of health or the health care analysis unit established under section 62J.30 with the data on gross patient revenue as required under section 62J.04 chapter 62J;
- (2) ~~failure to provide the health care analysis unit with data as required under Laws 1992, chapter 549, article 7;~~
- (3) intentional failure to provide the commissioner of revenue with data on gross revenue and other information required for the commissioner to implement sections 295.50 to 295.58; and
- (4) (3) intentional failure to pay the health care provider tax required under section 295.52.

ARTICLE 13

FINANCING

Section 1. Minnesota Statutes 1992, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, or by a physician enrolled in the medical assistance program as a dispensing physician. The commissioner, after receiving recommendations from the Minnesota Medical Association and the Minnesota Pharmacists Association, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation. The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, and vitamins for children under the age of seven and pregnant or nursing women; or any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(b) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner, the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee or the usual and customary price charged to the public. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug may shall be estimated by the commissioner, at average wholesale price minus 7.6 percent effective January 1, 1994. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2. Implementation of any change in the fixed dispensing fee that has not been subject to the administrative procedure act is limited to not more than 180 days, unless, during that time, the commissioner initiates rulemaking through the administrative procedure act.

(c) Until January 4, 1993, or the date the Medicaid Management Information System (MMIS) upgrade is implemented, whichever occurs last, a pharmacy provider may require individuals who seek to become eligible for medical assistance under a one-month spend-down, as provided in section 256B.056, subdivision 5, to pay for services to the extent of the spend-down amount at the time the services are provided. A pharmacy provider choosing this option shall file a medical assistance claim for the pharmacy services provided. If medical assistance reimbursement is received for this claim, the pharmacy provider shall return to the individual the total amount paid by the individual for the pharmacy services reimbursed by the medical assistance program. If the claim is not eligible for medical assistance reimbursement because of the provider's failure to comply with the provisions of the medical assistance

program, the pharmacy provider shall refund to the individual the total amount paid by the individual. Pharmacy providers may choose this option only if they apply similar credit restrictions to private pay or privately insured individuals. A pharmacy provider choosing this option must inform individuals who seek to become eligible for medical assistance under a one-month spend-down of (1) their right to appeal the denial of services on the grounds that they have satisfied the spend-down requirement, and (2) their potential eligibility for the health right program or the children's health plan.

Sec. 2. Minnesota Statutes 1992, section 270B.01, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA TAX LAWS.] For purposes of this chapter only, "Minnesota tax laws" means the taxes administered by or paid to the commissioner under chapters 289A, 290, 290A, 291, and 297A and sections 295.50 to 295.59, and includes any laws for the assessment, collection, and enforcement of those taxes.

Sec. 3. Minnesota Statutes 1992, section 295.50, subdivision 3, is amended to read:

Subd. 3. [GROSS REVENUES.] (a) "Gross revenues" are total amounts received in money or otherwise by:

(1) a resident hospital for ~~inpatient or outpatient~~ patient services as defined in Minnesota Rules, part 4650.0102, subparts 21 and 29;

(2) a resident surgical center for patient services;

(3) a nonresident hospital for ~~inpatient or outpatient~~ patient services as defined in Minnesota Rules, part 4650.0102, subparts 21 and 29, provided to patients domiciled in Minnesota;

(4) a nonresident surgical center for patient services provided to patients domiciled in Minnesota;

~~(5) (5) a resident health care provider, other than a health maintenance organization staff model health carrier, for covered patient services listed in section 256B.0625;~~

(4) ~~(6) a nonresident health care provider for covered patient services listed in section 256B.0625~~ provided to an individual domiciled in Minnesota;

~~(5) (7) a wholesale drug distributor for sale or distribution of prescription drugs that are delivered in Minnesota by the distributor or a common carrier; (i) to a Minnesota resident by a wholesale drug distributor who is a nonresident pharmacy directly, by common carrier, or by mail; or (ii) in Minnesota by the wholesale drug distributor, by common carrier, or by mail, unless the prescription drugs are delivered to another wholesale drug distributor. Prescription drugs do not include nutritional products as defined in Minnesota Rules, part 9505.0325; and~~

~~(6) (8) a health maintenance organization staff model health carrier as gross premiums for enrollees, carrier copayments, deductibles, coinsurance, and fees for covered patient services listed in section 256B.0625 covered under its contracts with groups and enrollees.~~

~~(b) Gross revenues do not include governmental, foundation, or other grants or donations to a hospital or health care provider for operating or other costs.~~

Sec. 4. Minnesota Statutes 1992, section 295.50, subdivision 4, is amended to read:

Subd. 4. [HEALTH CARE PROVIDER.] ~~(a) "Health care provider" is a vendor of medical care qualifying for reimbursement under the medical assistance program provided under chapter 256B, and includes health maintenance organizations but excludes hospitals and pharmacies means:~~

(1) a person furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, medical supplies, medical appliances, laboratory, diagnostic or therapeutic services, or any goods and services not listed above that qualifies for reimbursement under the medical assistance program provided under chapter 256B;

(2) a staff model health carrier;

(3) a licensed ambulance service; or

(4) a pharmacy as defined in section 151.01.

(b) Health care provider does not include hospitals, nursing homes licensed under chapter 144A, and surgical centers.

Sec. 5. Minnesota Statutes 1992, section 295.50, subdivision 7, is amended to read:

Subd. 7. [HOSPITAL.] "Hospital" ~~is~~ means a hospital licensed under chapter 144, or a hospital providing inpatient or outpatient services licensed by any other state or province or territory of Canada or a surgical center.

Sec. 6. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

Subd. 9a. [PATIENT SERVICES.] "Patient services" means inpatient and outpatient services and other goods and services provided by hospitals, surgical centers, or health care providers. They include the following health care goods and services provided to a patient or consumer:

(1) bed and board;

(2) nursing services and other related services;

(3) use of hospitals, surgical centers, or health care provider facilities;

(4) medical social services;

(5) drugs, biologicals, supplies, appliances, and equipment;

(6) other diagnostic or therapeutic items or services;

(7) medical or surgical services;

(8) items and services furnished to ambulatory patients not requiring emergency care;

(9) emergency services; and

(10) covered services listed in section 256B.0625 and in Minnesota Rules, parts 9505.0170 to 9505.0475.

Sec. 7. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

Subd. 9b. [PERSON.] "Person" means an individual, partnership, limited liability company, corporation, association, governmental unit or agency, or public or private organization of any kind.

Sec. 8. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

Subd. 10a. [REGIONAL TREATMENT CENTER.] "Regional treatment center" means a regional center as defined in section 253B.02, subdivision 18, and named in sections 252.025, subdivision 1; 253.015, subdivision 1; 253.201; and 254.05.

Sec. 9. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

Subd. 12a. [STAFF MODEL HEALTH CARRIER.] "Staff model health carrier" means a health carrier as defined in section 62L.02, subdivision 16, which employs one or more types of health care provider to deliver health care services to the health carrier's enrollees.

Sec. 10. Minnesota Statutes 1992, section 295.50, subdivision 14, is amended to read:

Subd. 14. [WHOLESALE DRUG DISTRIBUTOR.] "Wholesale drug distributor" means a wholesale drug distributor required to be licensed under sections 151.42 to 151.51 or a nonresident pharmacy required to be registered under section 151.19.

Sec. 11. Minnesota Statutes 1992, section 295.51, subdivision 1, is amended to read:

Subdivision 1. [BUSINESS TRANSACTIONS IN MINNESOTA.] A hospital, surgical center, or health care provider is subject to tax under sections 295.50 to 295.58 if it is "transacting business in Minnesota." A hospital, surgical center, or health care provider is transacting business in Minnesota only if it:

- (1) maintains an office in Minnesota used in the trade or business of providing patient services;
- (2) has employees, representatives, or independent contractors conducting business in Minnesota related to the trade or business of providing patient services;
- (3) regularly ~~sells covered~~ provides patient services to customers that receive the ~~covered~~ services in Minnesota;
- (4) regularly solicits business from potential customers in Minnesota. A hospital, surgical center, or health care provider is presumed to regularly solicit business within Minnesota if it receives gross receipts for patient services from 20 or more patients domiciled in Minnesota in a calendar year;
- (5) regularly performs services outside Minnesota the benefits of which are consumed in Minnesota;
- (6) owns or leases tangible personal or real property physically located in Minnesota and used in the trade or business of providing patient services; or
- (7) receives medical assistance payments from the state of Minnesota.

Sec. 12. Minnesota Statutes 1992, section 295.52, is amended by adding a subdivision to read:

Subd. 1a. [SURGICAL CENTER TAX.] A tax is imposed on each surgical center equal to two percent of its gross revenues.

Sec. 13. Minnesota Statutes 1992, section 295.52, is amended by adding a subdivision to read:

Subd. 6. [VOLUNTEER AMBULANCE SERVICES.] Licensed ambulance services for which all the ambulance attendants are "volunteer ambulance attendants" as defined in section 144.8091, subdivision 2, are not subject to the tax under this section.

Sec. 14. Minnesota Statutes 1992, section 295.53, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTIONS.] The following payments are excluded from the gross revenues subject to the hospital, surgical center, or health care provider taxes under sections 295.50 to 295.57:

- (1) payments received ~~from the federal government~~ for services provided under the Medicare program, including payments received from the government, and organizations governed by sections 1833 and 1876 of title XVIII the federal Social Security Act, United States Code, title 42, section 1395, excluding and enrollee deductible deductibles, coinsurance, and coinsurance payments copayments, whether paid by the individual or by insurer or other third party. Payments for services not covered by Medicare are taxable;
- (2) medical assistance payments including payments received directly from the government or from a prepaid plan;
- (3) payments received for ~~services performed by nursing homes licensed under chapter 144A, services provided in supervised living facilities and~~ home health care services;
- (4) payments received from hospitals or surgical centers for goods and services ~~that are subject to tax on which liability for tax is imposed~~ under section 295.52 or the source of funds for the payment is exempt under clause (1), (2), (7), (8), or (10);
- (5) payments received from health care providers for goods and services ~~that are subject to tax on which liability for tax is imposed~~ under section sections 295.52 to 295.57 or the source of funds for the payment is exempt under clause (1), (2), (7), (8), or (10);
- (6) amounts paid for prescription drugs, other than nutritional products, to a wholesale drug distributor reduced by reimbursements received for prescription drugs under clauses (1), (2), (7), and (8);

(7) payments received under the general assistance medical care program including payments received directly from the government or from a prepaid plan;

(8) payments received for providing services under the health-right MinnesotaCare program under Laws 1992, chapter 549, article 4 including payments received directly from the government or from a prepaid plan and enrollee deductibles, coinsurance, and copayments; and

(9) payments received by a resident health care provider or the wholly owned subsidiary of a resident health care provider for care provided outside Minnesota to a patient who is not domiciled in Minnesota;

(10) payments received from the chemical dependency fund under chapter 254B;

(11) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

(12) payments received for providing patient services if the services are incidental to conducting medical research;

(13) payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer;

(14) payments received for services provided by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, and community mental health centers as defined in section 245.62, subdivision 2; and

(15) government payments received by a regional treatment center.

Sec. 15. Minnesota Statutes 1992, section 295.53, subdivision 2, is amended to read:

Subd. 2. [~~DEDUCTIONS FOR HEALTH MAINTENANCE ORGANIZATIONS STAFF MODEL HEALTH CARRIERS.~~] (a) In addition to the exemptions allowed under subdivision 1, a health-maintenance-organization staff model health carrier may deduct from its gross revenues for the year:

(1) amounts paid to hospitals, surgical centers, and health care providers that are not employees of the staff model health carrier for services on which liability for the tax is imposed under section 295.52;

(1) (2) amounts added to reserves, if total reserves do not exceed 25 percent of gross revenues for the prior year 200 percent of the statutory net worth requirement, the calculation of which may be determined on a consolidated basis, taking into account the amounts held in reserve by affiliated staff model health carriers;

(2) (3) assessments for the comprehensive health insurance plan under section 62E.11 paid during the year; and

(3) an allowance (4) amounts spent for administration and underwriting as reported as total administration to the department of health in the statement of revenues, expenses, and net worth pursuant to section 62D.08, subdivision 3, clause (a).

(b) The commissioner of health, in consultation with the commissioners of commerce and revenue, shall establish by rule under chapter 14 the percentage of health maintenance revenue that will be allowed as a deduction for administrative and underwriting expenses. The commissioner of health shall determine the percentage allowance based on the average expenses of health maintenance organizations that are equivalent to the claims administration and other underwriting services of third party payors. These expenses do not include the portion of health maintenance organization costs that are similar to the administrative costs of direct health care providers, rather than third party payors, and do not include costs deductible under paragraph (a), clauses (1) and (2). The commissioner of health may adopt emergency rules.

Sec. 16. Minnesota Statutes 1992, section 295.53, subdivision 3, is amended to read:

Subd. 3. [RESTRICTION ON ITEMIZATION.] A hospital, surgical center, or health care provider must not separately state the tax obligation under section 295.52 on bills provided to individual patients.

Sec. 17. Minnesota Statutes 1992, section 295.53, is amended by adding a subdivision to read:

Subd. 4. [DEDUCTION FOR RESEARCH.] (a) In addition to the exemptions allowed under subdivision 1, a hospital or health care provider which is exempt under section 501(c)(3) of the Internal Revenue Code of 1986 or is owned and operated under authority of a governmental unit, may deduct from its gross revenues subject to the hospital or health care provider taxes under sections 295.50 to 295.57 revenues equal to expenditures for allowable research programs.

(b) For purposes of this subdivision, expenditures for allowable research programs are the direct and general program costs for activities which are part of a formal program of medical and health care research approved by the governing body of the hospital or health care provider which also includes active solicitation of research funds from government and private sources. Any allowable research on humans or animals must be subject to review by appropriate regulatory committees operating in conformity with federal regulations such as an institutional review board or an institutional animal care and use committee. Costs of clinical research activities paid directly for the benefit of an individual patient are excluded from this exemption. Basic research in fields including biochemistry, molecular biology, and physiology are also included if such programs are subject to a peer review process.

(c) No deduction shall be allowed under this subdivision for any revenue received by the hospital or health care provider in the form of a grant, gift, or otherwise, whether from a government or nongovernment source, on which the tax liability under section 295.52 is not imposed or for which the tax liability under section 295.52 has been received from a third party as provided for in section 295.582.

(d) Effective beginning with calendar year 1995, the taxpayer shall not take the deduction under this section into account in determining estimated tax payments or the payment made with the annual return under section 295.55. The total deduction allowable to all taxpayers under this section for calendar years beginning after December 31, 1994, may not exceed \$65,000,000. To implement this limit, each qualifying hospital and qualifying health care provider shall submit to the commissioner by March 15 its total expenditures qualifying for the deduction under this section for the previous calendar year. The commissioner shall sum the total expenditures of all taxpayers qualifying under this section for the calendar year. If the resulting amount exceeds \$65,000,000, the commissioner shall allocate a part of the \$65,000,000 deduction limit to each qualifying hospital and health care provider in proportion to its share of the total deductions. The commissioner shall pay a refund to each qualifying hospital or provider equal to its share of the deduction limit multiplied by two percent. The commissioner shall pay the refund no later than May 15 of the calendar year.

Sec. 18. Minnesota Statutes 1992, section 295.54, is amended to read:

295.54 [CREDIT FOR TAXES PAID TO ANOTHER STATE.]

A resident hospital, resident surgical center, or resident health care provider who is liable for taxes payable to another state or province or territory of Canada measured by gross receipts and is subject to tax under section 295.52 is entitled to a credit for the tax paid to another state or province or territory of Canada to the extent of the lesser of (1) the tax actually paid to the other state or province or territory of Canada, or (2) the amount of tax imposed by Minnesota on the gross receipts subject to tax in the other taxing jurisdictions.

Sec. 19. Minnesota Statutes 1992, section 295.55, subdivision 4, is amended to read:

Subd. 4. [ELECTRONIC FUNDS TRANSFER PAYMENTS.] A taxpayer with an aggregate tax liability of \$60,000 \$30,000 or more during a calendar quarter ending the last day of March, June, September, or December of the first year the taxpayer is subject to the tax must thereafter remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a), for the remainder of the year. A taxpayer with an aggregate tax liability of \$120,000 or more during a calendar year, must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a), in the subsequent calendar year. The funds transfer payment date, as defined in section 336.4A-401, is on or before the date the tax is due. If the date the tax is due is not a funds-transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date is on or before the first funds-transfer business day after the date the tax is due.

Sec. 20. Minnesota Statutes 1992, section 295.57, is amended to read:

295.57 [COLLECTION AND ENFORCEMENT; REFUNDS; RULEMAKING; APPLICATION OF OTHER CHAPTERS.]

Unless specifically provided otherwise by sections 295.50 to 295.58, the enforcement, interest, and penalty provisions under chapter 294, appeal ~~and provisions in sections 289A.43 and 289A.65, criminal penalty penalties in section 289A.63, and refunds provisions under chapter 289A in section 289A.50,~~ and collection and rulemaking provisions under chapter 270, apply to a liability for the taxes imposed under sections 295.50 to 295.58.

Sec. 21. Minnesota Statutes 1992, section 295.58, is amended to read:

295.58 [DEPOSIT OF REVENUES AND PAYMENT OF REFUNDS.]

The commissioner shall deposit all revenues, including penalties and interest, derived from the taxes imposed by sections 295.50 to 295.57 and from the insurance premiums tax on health maintenance organizations and nonprofit health service corporations in the health care access fund in the state treasury. Refunds of overpayments must be paid from the health care access fund in the state treasury.

Sec. 22. Laws 1992, chapter 549, article 9, section 19, is amended to read as follows:

Sec. 19. [295.582] [PASSTHROUGH AUTHORITY.]

~~Subdivision 1. [AUTHORITY.]~~ A hospital, surgical center, or health care provider that is subject to a tax under section 7 295.52 may transfer additional expense generated by section 7 295.52 obligations on to all third-party contracts for the purchase of health care services on behalf of a patient or consumer. The expense must not exceed two percent of the gross revenues received under the third-party contract, including copayments and deductibles paid by the individual patient or consumer. The expense must not be generated on revenues derived from payments that are excluded from the tax under section 8 295.53. All third-party purchasers of health care services including, but not limited to, third-party purchasers regulated under chapters 60A, 62A, 62C, 62D, 64B, or 62H, must pay the transferred expense in addition to any payments due under existing or future contracts with the hospital, surgical center, or health care provider, to the extent allowed under federal law. Nothing in this subdivision limits the ability of a hospital, surgical center, or health care provider to recover all or part of the section 7 295.52 obligation by other methods, including increasing fees or charges.

~~Subd. 2. [EXPIRATION.] This section expires January 1, 1994.~~

Sec. 23. Minnesota Statutes 1992, section 295.59, is amended to read:

295.59 [SEVERABILITY.]

If any section, subdivision, clause, or phrase of sections 295.50 to ~~295.58~~ 295.582 is for any reason held to be unconstitutional or in violation of federal law, the decision shall not affect the validity of the remaining portions of sections 295.50 to ~~295.58~~ 295.582. The legislature declares that it would have passed sections 295.50 to ~~295.58~~ 295.582 and each section, subdivision, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subdivisions, sentences, clauses, or phrases is declared unconstitutional.

Sec. 24. [REPEALER.]

Minnesota Statutes 1992, section 295.50, subdivisions 5 and 10, are repealed.

Minnesota Statutes 1992, section 295.51, subdivision 2, is repealed.

Sec. 25. [EFFECTIVE DATE.]

Sections 1, 2, 4, 5, 7, and 21 are effective the day following final enactment.

Sections 3, 6, clauses (1) to (9), 8, 11, 12, 14, 16, and 18 are effective retroactively to gross revenues generated by services performed and goods sold after December 31, 1992.

Section 6, clause (10), 9, 10, 13, and 15 are effective for services performed and goods sold after December 31, 1993.

For hospitals, section 17 is effective for gross revenues generated after December 31, 1992. For health care providers, section 17 is effective for gross revenues generated after December 31, 1993.

Section 19 is effective for payments due in calendar year 1994, and thereafter, based on the payments made in fiscal year ending June 30, 1993.

Sections 20, 22, and 23 are effective January 1, 1993.

ARTICLE 14

APPROPRIATIONS

Section 1. APPROPRIATIONS

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the health care access fund, or any other fund named, to the agencies and for the purposes specified in the following sections of this article, to be available for the fiscal years indicated for each purpose. The figures "1994" and "1995" where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1994, or June 30, 1995, respectively.

	APPROPRIATIONS Available for the Year Ending June 30	
	1994	1995
Sec. 2. DEPARTMENT OF HUMAN SERVICES		
Health Care Access Fund	\$44,475,000	\$96,040,000
General Fund	2,919,000	6,704,000

The general fund appropriation is for costs in the medical assistance and general assistance medical care programs.

Of the health care access fund appropriation, \$7,790,000 the first year and \$10,897,000 the second year is for administration of the MinnesotaCare program and \$36,685,000 the first year and \$85,143,000 the second year is for the MinnesotaCare subsidized health care plan.

Sec. 3. DEPARTMENT OF HEALTH	5,137,000	5,962,000
Sec. 4. UNIVERSITY OF MINNESOTA	2,277,000	2,357,000
Sec. 5. HIGHER EDUCATION COORDINATING BOARD	578,000	707,000
Sec. 6. LEGISLATIVE COORDINATING COMMISSION	175,000	175,000
Sec. 7. DEPARTMENT OF COMMERCE GENERAL FUND	175,000	162,000
Sec. 8. DEPARTMENT OF REVENUE	1,037,000	1,367,000
Sec. 9. DEPARTMENT OF EMPLOYEE RELATIONS	3,554,000	7,125,000
Sec. 10. [TRANSFERS.]		

The commissioner of finance shall transfer \$10,907,000 in fiscal year 1994 and \$25,842,000 in fiscal year 1995 from the health care access fund to the general fund.

The commissioner of finance shall transfer \$189,000 in fiscal year 1994 and \$239,000 in fiscal year 1995 from the health care access fund to the special revenue fund for MAXIS.

Sec. 11. [CARRY FORWARD.]

Subdivision 1. \$250,000 of the appropriation in Laws 1992, chapter 549, article 10, section 1, subdivision 3, is available until June 30, 1994, to develop and implement a program to establish community health centers in rural areas of the state as authorized in Minnesota Statutes, section 144.1486.

Subd. 2. \$250,000 of the appropriation in Laws 1992, chapter 549, article 10, section 1, subdivision 3, is available until June 30, 1994, to award transition grants to rural hospitals as authorized in Minnesota Statutes, section 144.147.

Subd. 3. \$200,000 of the appropriation in Laws 1992, chapter 549, article 10, section 1, subdivision 3, is available until June 30, 1994, to award sole community hospital financial assistance grants as authorized by Minnesota Statutes, section 144.1484.

Subd. 4. The entire appropriation in Laws 1992, chapter 549, article 10, section 1, subdivision 3, is available until June 30, 1994.

Subd. 5. Notwithstanding Laws 1992, chapter 549, article 10, section 1, subdivision 1, \$569,000 of the amount appropriated to the commissioner of revenue in Laws 1992, chapter 549, article 10, section 1, subdivision 8, is available until June 30, 1994.

Subd. 6. Up to \$600,000 of the appropriation for systems modification and start-up costs for MinnesotaCare contained in Laws 1992, chapter 549, article 10, section 1, subdivision 4, shall not cancel, but may be transferred to the state systems account established in Minnesota Statutes, section 256.014, to complete the work of integrating MinnesotaCare into the Medicaid management information system."

Delete the title and insert:

"A bill for an act relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating ingegrated service networks; requiring regulation of health care services not provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for classification of certain tax data; requiring certain studies; appropriating money; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 43A.17, by adding a subdivision; 43A.317, subdivision 5; 60K.14, by adding a subdivision; 62A.021, subdivision 1; 62A.65; 62C.16, by adding a subdivision; 62D.042, subdivision 2; 62D.12, by adding a subdivision; 62E.11, subdivision 12; 62J.03, subdivisions 6, 8, and by adding a subdivision; 62J.04, subdivisions 1, 2, 3, 4, 5, 7, and by adding subdivisions; 62J.05, by adding a subdivision; 62J.09, subdivisions 2, 5, 8, and by adding subdivisions; 62J.15, subdivision 1; 62J.17, subdivision 2, and by adding subdivisions; 62J.23, by adding a subdivision; 62J.30, subdivisions 1, 6, 7, and 8; 62J.32, subdivision 4; 62J.33; 62J.34, subdivision 2; 62L.02, subdivisions 19, 26, and 27; 62L.03, subdivisions 3 and 4; 62L.04, subdivision 1; 62L.05, subdivisions 2, 3, 4, and 6; 62L.08, subdivisions 4 and 8; 62L.09, subdivision 1; 62L.11, subdivision 1; 124C.62; 136A.1355, subdivisions 1, 3, 4, and by adding a subdivision; 136A.1356, subdivisions 2 and 5; 136A.1357; 137.38, subdivisions 2, 3, and 4; 137.39, subdivisions 2 and 3; 137.40, subdivision 3; 144.147, subdivision 4; 144.1484, subdivisions 1 and 2; 144.335, by adding a subdivision; 151.21; 151.47, subdivision 1; 214.16, subdivision 3; 256.9351, subdivision 3; 256.9352, subdivision 3; 256.9353; 256.9354, subdivisions 1, 4, and by adding a subdivision; 256.9356; 256.9357, subdivision 1; 256.9657, subdivision 3; 256B.057, subdivisions 1, 2a, and by adding a subdivision; 256B.0625, subdivision 13; 256B.0644; 256D.03, subdivision 3; 270B.01, subdivision 8; 295.50, subdivisions 3, 4, 7, 14, and by adding subdivisions; 295.51, subdivision 1; 295.52, by adding subdivisions; 295.53, subdivisions 1, 2, 3, and by adding a subdivision; 295.54; 295.55, subdivision 4; 295.57; 295.58; 295.59; and 625.15, by adding a subdivision; Laws 1992, chapter 549, article 7, section 9, and article 9, section 19; proposing coding for new law in Minnesota Statutes, chapters 62A; 62J; 136A; 144; 151; 256; and 295; proposing coding for new law as Minnesota Statutes, chapters 62N; and 62P; repealing Minnesota Statutes 1992, sections 62J.15, subdivision 2; 62J.17, subdivisions 4, 5, and 6; 62J.29; 62L.09, subdivision 2; 295.50, subdivisions 5 and 10; and 295.51, subdivision 2."

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

House Conferees: LEE GREENFIELD, ROGER COOPER, BECKY LOUREY, PEGGY LEPPIK AND DON L. FRERICHS.

Senate Conferees: LINDA BERGLIN, DUANE D. BENSON, PAT PIPER, SHEILA M. KISCADEN AND WILLIAM P. LUTHER.

Greenfield moved that the report of the Conference Committee on H. F. No. 1178 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1178, A bill for an act relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating integrated service networks; requiring regulation of all health care services not provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for classification of certain tax data; permitting expedited rulemaking; requiring certain studies; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 43A.317, subdivision 5; 60A.02, subdivision 1a; 62A.021, subdivision 1; 62A.65; 62E.02, subdivision 23; 62E.10, subdivisions 1 and 3; 62E.11, subdivision 12; 62J.03, subdivisions 6, 8, and by adding a subdivision; 62J.04, subdivisions 1, 2, 3, 4, 5, 7, and by adding a subdivision; 62J.05, subdivision 2, and by adding a subdivision; 62J.09, subdivisions 2, 5, 8, and by adding subdivisions; 62J.15, subdivision 1; 62J.17, subdivision 2, and by adding subdivisions; 62J.23, by adding a subdivision; 62J.30, subdivisions 1, 6, 7, and 8; 62J.32, subdivision 4; 62J.33; 62J.34, subdivision 2; 62L.02, subdivisions 16, 19, 26, and 27; 62L.03, subdivisions 3 and 4; 62L.04, subdivision 1; 62L.05, subdivisions 2, 3, 4, and 6; 62L.08, subdivisions 4 and 8; 62L.09, subdivision 1; 62L.11, subdivision 1; 136A.1355, subdivisions 1, 3, 4, and by adding a subdivision; 136A.1356, subdivisions 2, 4, and 5; 136A.1357; 137.38, subdivisions 2, 3, and 4; 137.39, subdivisions 2 and 3; 137.40, subdivision 3; 144.147, subdivision 4; 144.1484, subdivisions 1 and 2; 144.335, by adding a subdivision; 144.581, subdivision 2; 151.47, subdivision 1; 214.16, subdivision 3; 256.9351, subdivision 3; 256.9352, subdivision 3; 256.9353; 256.9354, subdivisions 1, 4, and 5; 256.9356, subdivisions 1 and 2; 256.9357, subdivision 1; 256.9657, subdivision 3, and by adding a subdivision; 256B.04, subdivision 1; 256B.057, subdivisions 1, 2, and 2a; 256B.0625, subdivision 13; 256D.03, subdivision 3; 270B.01, subdivision 8; 295.50, subdivisions 3, 4, 7, 14, and by adding subdivisions; 295.51, subdivision 1; 295.52, by adding subdivisions; 295.53, subdivisions 1, 3, and by adding a subdivision; 295.54; 295.55, subdivision 4; 295.57; 295.58; 295.59; Laws 1990, chapter 591, article 4, section 9; proposing coding for new law in Minnesota Statutes, chapters 16B; 43A; 62A; 62J; 136A; 144; 151; 256; and 295; proposing coding for new law as Minnesota Statutes, chapters 62N; and 62O; repealing Minnesota Statutes 1992, sections 62J.15, subdivision 2; 62J.17, subdivisions 4, 5, and 6; 62J.29; 62L.09, subdivision 2; 295.50, subdivision 10; and 295.51, subdivision 2; Laws 1992, chapter 549, article 9, section 19, subdivision 2.

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 86 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dauner	Huntley	Lasley	Olson, K.	Rodosovich	Vellenga
Anderson, R.	Dawkins	Jacobs	Leppik	Orenstein	Rukavina	Wagenius
Battaglia	Delmont	Jaros	Lieder	Orfield	Sarna	Weaver
Bauerly	Dempsey	Jefferson	Luther	Osthoff	Sekhon	Wejzman
Beard	Dorn	Jennings	Mahon	Ostrom	Simoneau	Welle
Bishop	Evans	Johnson, A.	Mariani	Ozment	Skoglund	Wenzel
Blatz	Frerichs	Johnson, R.	McCollum	Perlt	Smith	Winter
Brown, C.	Garcia	Kahn	McGuire	Peterson	Solberg	Spk. Long
Brown, K.	Greenfield	Kelley	Mosel	Pugh	Steensma	
Carlson	Greiling	Kelso	Munger	Reding	Swenson	
Carruthers	Gutknecht	Kinkel	Murphy	Rest	Tomassoni	
Clark	Hasskamp	Klinzing	Neary	Rhodes	Trimble	
Cooper	Hausman	Krueger	Nelson	Rice	Tunheim	

Those who voted in the negative were:

Abrams	Dehler	Holsten	Limmer	Ness	Seagren	Wolf
Asch	Erhardt	Hugoson	Lindner	Olson, M.	Stanius	Worke
Bergson	Farrell	Johnson, V.	Lynch	Onnen	Sviggum	Workman
Bertram	Girard	Kalis	Macklin	Opatz	Tompkins	
Bettermann	Goodno	Knickerbocker	Milbert	Pauly	Van Dellen	
Commers	Gruenes	Koppentrayer	Molnau	Pawlenty	Vickerman	
Davids	Haukoos	Krinkie	Morrison	Pelowski	Waltman	

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

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1368:

Orfield, Kahn and Ozment.

The Speaker called Bauerly to the Chair.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 201, A bill for an act relating to elections; permitting cities to use mail ballots in city, county, and state elections; amending Minnesota Statutes 1992, section 204B.45, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

The Speaker resumed the Chair.

CONCURRENCE AND REPASSAGE

Tunheim moved that the House concur in the Senate amendments to H. F. No. 201 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 201, A bill for an act relating to elections; providing campaign reform; permitting cities to use mail ballots in city, county, and state elections; limiting noncampaign disbursements to items specified by law; requiring lobbyists and political committees and funds to include their registration number on contributions; prohibiting certain "friends of" committees; requiring reports by certain solicitors of campaign contributions; limiting certain contributions; changing the judicial ballot; regulating related committees; changing expenditure limits; limiting use of contributions carried forward; requiring unused postage to be carried forward as an expenditure; requiring certain notices; changing contribution limits; limiting contributions by political parties; prohibiting transfers from one candidate to another, with certain exceptions; limiting contributions by certain political committees, funds, and individuals; eliminating public subsidies to unopposed candidates; providing for a public matching subsidy; increasing expenditure limits in certain cases; clarifying filing requirements for candidate agreements and the duration of the agreements; providing for distribution of public subsidies; requiring return of public subsidies under certain conditions; prohibiting political contributions by certain nonprofit corporations and partnerships; requiring certain reports; providing transition language; defining certain terms; clarifying certain language; imposing penalties; appropriating money; amending Minnesota Statutes 1992, sections 10A.01, subdivisions 10b, 10c, and by adding subdivisions; 10A.04, by adding a subdivision; 10A.065, subdivisions 1 and 5; 10A.14, subdivision 2; 10A.15, by adding subdivisions; 10A.16; 10A.17, subdivisions 4 and 5; 10A.19, subdivision 1; 10A.20, subdivisions 2, 3, and by adding subdivisions; 10A.24, subdivision 1; 10A.25, subdivisions 2, 6, 10, and by adding subdivisions; 10A.27, subdivisions 1, 2, 9, and by adding subdivisions; 10A.28, subdivision 2; 10A.31, subdivisions 6, 7, 10, and by adding a subdivision; 10A.315; 10A.322, subdivisions 1 and 2; 10A.323; 10A.324, subdivisions 1, 3, and by adding a subdivision; 204B.36, subdivision 4; 204B.45, subdivision 1; 211B.12; 211B.15; and 290.06, subdivision 23; proposing coding for new law in Minnesota Statutes, chapters 10A; and 211A; repealing Minnesota Statutes 1992, sections 10A.27, subdivision 6; 10A.31, subdivisions 8 and 9; 488A.021, subdivision 3; and 488A.19, subdivision 2.

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

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

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Abrams	Haukoos	Koppendrayner	Olson, M.	Rukavina	Tomassoni
Anderson, I.	Knickerbocker	Limmer	Osthoff	Solberg	Vickerman

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1658, A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

PATRICK E. FLAHAVEN, Secretary of the Senate

Krueger moved that the House refuse to concur in the Senate amendments to H. F. No. 1658, 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.

SPECIAL ORDERS

Anderson, I., moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Anderson, I., moved that the bills on General Orders for today be continued. 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. 1658:

Krueger, Rodosovich and Pelowski.

MOTIONS AND RESOLUTIONS

Skoglund moved that the name of Wenzel be added as an author on H. F. No. 232. The motion prevailed.

Goodno moved that his name be stricken as an author on H. F. No. 443. The motion prevailed.

Reding moved that the names of Orfield, Solberg, Kahn and Jennings be added as authors on H. F. No. 637. The motion prevailed.

Frerichs moved that the name of Olson, M., be added as an author on H. F. No. 1774. The motion prevailed.

Davids moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Friday, May 7, 1993, when the vote was taken on the repassage of H. F. No. 962, as amended by the Senate." The motion prevailed.

Davids moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Friday, May 7, 1993, when the vote was taken on the repassage of H. F. No. 1579, as amended by the Senate." The motion prevailed.

Evans moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Saturday, May 8, 1993, when the vote was taken on the repassage of H. F. No. 947, as amended by the Senate." The motion prevailed.

Tomassoni moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Friday, May 7, 1993, when the vote was taken on the repassage of H. F. No. 1735, as amended by Conference." The motion prevailed.

Evans moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Tuesday, May 11, 1993, when the vote was taken on the repassage of S. F. No. 1613, as amended by Conference." The motion prevailed.

Dempsey moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Wednesday, May 12, 1993, when the vote was taken on the final passage of S. F. No. 1184." The motion prevailed.

Hasskamp moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Thursday, May 13, 1993, when the vote was taken on the repassage of H. F. No. 350, as amended by Conference." The motion prevailed.

Pugh moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Wednesday, May 12, 1993, when the vote was taken on the final passage of H. F. No. 936." The motion prevailed.

Olson, K., moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Wednesday, May 12, 1993, when the vote was taken on the repassage of H. F. No. 1039, as amended by Conference." The motion prevailed.

Asch moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Thursday, May 13, 1993, when the vote was taken on the final passage of H. F. No. 1253, as amended." The motion prevailed.

Morrison moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Thursday, May 13, 1993, when the vote was taken on the final passage of S. F. No. 693." The motion prevailed.

Davids moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Thursday, May 13, 1993, when the vote was taken on the repassage of H. F. No. 287, as amended by Conference." The motion prevailed.

Hausman moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Thursday, May 13, 1993, when the vote was taken on the final passage of S. F. No. 340." The motion prevailed.

Lourey moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Saturday, May 15, 1993, when the vote was taken on the repassage of H. F. No. 1178, as amended by Conference." The motion prevailed.

Solberg moved that H. F. No. 892 be recalled from the Committee on Ways and Means and be re-referred to the Committee on Environment and Natural Resources. The motion prevailed.

SUSPENSION OF RULES

Stanius moved that the rules be so far suspended that H. F. No. 1777 be recalled from the Committee on General Legislation, Veterans Affairs and Elections, be given its second and third readings and be placed upon its final passage.

ADJOURNMENT

Anderson, I., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 9:00 a.m., Monday, May 17, 1993.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA
SEVENTY-EIGHTH SESSION -- 1993

SIXTY-FIRST DAY

SAINT PAUL, MINNESOTA, MONDAY, MAY 17, 1993

The House of Representatives convened at 9:00 a.m. and was called to order by Dee Long, Speaker of the House.

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

A quorum was present.

Sparby was excused until 6:30 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Rice 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.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 13, 1993

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

Dear Speaker Long:

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

H. F. No. 648, relating to counties; permitting Itasca and Polk counties to consolidate the offices of auditor and treasurer.

H. F. No. 1018, relating to limited liability companies; requiring biennial registration.

H. F. No. 622, relating to metropolitan government; providing long-term protection of agricultural land in the metropolitan area.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 13, 1993

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

Dear Speaker Long:

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

H. F. No. 874, relating to traffic regulations; authorizing cities of the second class to establish programs for citizen enforcement of laws governing parking spaces for persons with disabilities.

H. F. No. 1408, relating to agriculture; redefining terms in the plant pest act; exempting certain nonprofit organizations from the requirement for a nursery stock dealer certificate.

H. F. No. 168, relating to state government; authorizing state agencies to enter into contracts with regional organizations.

H. F. No. 854, relating to drivers' licenses; clarifying requirement of endorsement for special transportation service drivers within the metropolitan area; abolishing examination requirement and certain fees for special transportation service drivers.

H. F. No. 882, relating to outdoor recreation; creating the Lake Superior water trail.

H. F. No. 974, relating to the capitol area architectural and planning board; clarifying certain duties and powers of the board.

H. F. No. 185, relating to utilities; prohibiting state permits for construction of certain hydropower facilities on the bluffs of the Mississippi river.

H. F. No. 951, relating to the city of Duluth; authorizing the transfer of money from the gas division account in the public utility fund to the general fund.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 14, 1993

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

Dear Speaker Long:

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

H. F. No. 1169, relating to metropolitan government; requiring the transit commission to obtain consent to use parkways.

H. F. No. 498, relating to St. Louis county; solid waste management; clarifying St. Louis county contracting authority to include management operations; modifying contracting procedure.

H. F. No. 259, relating to local government; providing for the publication of certain accounts and delinquent property tax information.

H. F. No. 732, relating to law enforcement; exempting law enforcement agencies from the requirements of the criminal offender rehabilitation employment law; requiring disclosure of conviction during peace officer licensing process even after pardon extraordinary has been granted.

H. F. No. 55, relating to retirement; authorizing a benefit increase for certain retired police officers, firefighters, and surviving spouses in the city of Eveleth.

H. F. No. 1454, relating to the city of Hutchinson; permitting the city to erect certain signs.

H. F. No. 962, relating to metropolitan government; requiring a classroom noise study.

H. F. No. 889, relating to economic development; clarifying provisions relating to the department of trade and economic development; clarifying the duties of the commissioner; providing certain duties for the rural development board and Minnesota Technology, Inc.

H. F. No. 1579, relating to public finance; changing procedures for allocating bonding authority.

H. F. No. 1058, relating to landlord and tenant; modifying action to recover leased premises; providing for actions for destruction of leased residential rental property; allowing expedited proceedings.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 1993</i>	<i>Date Filed 1993</i>
	648	127	2:50 p.m. May 13	May 13
550		129	3:02 p.m. May 13	May 13
	874	130	2:56 p.m. May 13	May 13
	1018	131	2:52 p.m. May 13	May 13
1199		132	3:04 p.m. May 13	May 13
911		136	2:54 p.m. May 13	May 13
181		137	2:59 p.m. May 13	May 13
	1408	138	2:58 p.m. May 13	May 13
	168	139	2:54 p.m. May 13	May 13
	622	141	2:50 p.m. May 13	May 13
	854	142	2:55 p.m. May 13	May 13
	882	143	2:57 p.m. May 13	May 13
	974	144	2:58 p.m. May 13	May 13
1503		146	5:08 p.m. May 13	May 13
	185	147	2:56 p.m. May 13	May 13
	951	148	2:57 p.m. May 13	May 13
629		149	10:40 a.m. May 14	May 14
470		150	3:01 p.m. May 13	May 13
403		151	3:01 p.m. May 13	May 13
741		152	9:07 a.m. May 14	May 14
	1169	154	9:10 a.m. May 14	May 14
	498	157	9:08 a.m. May 14	May 14
	259	158	9:09 a.m. May 14	May 14
	732	159	9:08 a.m. May 14	May 14
	55	160	9:08 a.m. May 14	May 14
	1454	161	9:11 a.m. May 14	May 14
	962	162	9:09 a.m. May 14	May 14
	889	163	9:09 a.m. May 14	May 14

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1993	Date Filed 1993
	1579	164	9:12 a.m. May 14	May 14
	1058	165	9:10 a.m. May 14	May 14
253		168	9:05 a.m. May 14	May 14
1097		169	9:08 a.m. May 14	May 14
674		170	9:07 a.m. May 14	May 14
1570 *		172	5:25 p.m. May 13	May 13
386		166	9:06 a.m. May 14	May 14

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

[NOTE: * Indicates line-item veto.]

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Orfield and Kelley introduced:

H. F. No. 1791, A bill for an act relating to commerce; consumer rights; giving the attorney general certain investigatory and enforcement powers under the human rights act; requiring the attorney general to provide prosecution assistance to certain counties; prohibiting certain commercial telephone solicitations; requiring the commissioner of human rights to adopt rules for marketing public housing; applying the cold weather rule to propane users; requiring a study on protections for natural gas users; prescribing penalties; amending Minnesota Statutes 1992, sections 8.15; 8.31, subdivisions 1, 3, 3a, and by adding a subdivision; 216B.01; 363.032; 363.06, subdivision 1; 363.061, by adding a subdivision; 363.121; and 363.14, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 216B; 325G; and 363.

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

Wejzman, McGuire, Mosel and Swenson introduced:

H. F. No. 1792, A bill for an act relating to family; adopting the uniform interstate family support act; repealing the revised uniform reciprocal enforcement of support act; proposing coding for new law in Minnesota Statutes, chapter 518C; repealing Minnesota Statutes 1992, sections 518C.01 to 518C.36.

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

Orfield and Weaver introduced:

H. F. No. 1793, A bill for an act relating to administrative procedure; providing procedures for the adoption and review of administrative rules and the determination of administrative disputes; providing for publication of administrative rules and disposition of administrative appeals; enacting the model administrative procedure act;

proposing coding for new law as Minnesota Statutes, chapter 14A; repealing Minnesota Statutes 1992, sections 3.841 to 3.845; and 14.001 to 14.69.

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

Macklin, Skoglund, Pugh, Pawlenty and Orenstein introduced:

H. F. No. 1794, A bill for an act relating to community property; enacting the uniform disposition of community property rights at death act; proposing coding for new law as Minnesota Statutes, chapter 526A.

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

Macklin, Pugh, Blatz, Skoglund and Orenstein introduced:

H. F. No. 1795, A bill for an act relating to partnerships; enacting the uniform partnership act; proposing coding for new law as Minnesota Statutes, chapter 323A; repealing Minnesota Statutes 1992, sections 323.01; 323.02; 323.03; 323.04; 323.05; 323.06; 323.07; 323.08; 323.09; 323.10; 323.11; 323.12; 323.13; 323.14; 323.15; 323.16; 323.17; 323.18; 323.19; 323.20; 323.21; 323.22; 323.23; 323.24; 323.25; 323.26; 323.27; 323.28; 323.29; 323.30; 323.31; 323.32; 323.33; 323.34; 323.35; 323.36; 323.37; 323.38; 323.39; 323.40; 323.41; 323.42; and 323.43.

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

Swenson introduced:

H. F. No. 1796, A bill for an act relating to human services; providing for a pilot project for culturally oriented group residences for young Mexican, Chicano, and Latino women with children; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256F.

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

Frerichs, Jacobs and Jennings introduced:

H. F. No. 1797, A bill for an act relating to utilities; requiring municipality to petition public utilities commission before it may furnish electric service while eminent domain proceedings are pending to acquire electric utility; amending Minnesota Statutes 1992, section 216B.47.

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

Olson, M., and Ozment introduced:

H. F. No. 1798, A bill for an act relating to education; approving a maximum effort school loan program capital loan; authorizing state bonds; appropriating money.

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

McGuire, Carruthers, Macklin and Skoglund introduced:

H. F. No. 1799, A bill for an act relating to collection and dissemination of data; enacting the uniform information practices code; repealing the government data practices act; prescribing penalties; proposing coding for new law as Minnesota Statutes, chapter 13C; repealing Minnesota Statutes 1992, sections 13.01; 13.02; 13.03; 13.04; 13.05; 13.06; 13.07; 13.08; 13.09; 13.10; 13.30; 13.31; 13.32; 13.33; 13.34; 13.35; 13.36; 13.37; 13.38; 13.39; 13.40; 13.41; 13.42; 13.43; 13.44; 13.45; 13.46; 13.47; 13.48; 13.50; 13.51; 13.511; 13.52; 13.521; 13.53; 13.531; 13.54; 13.55; 13.551; 13.552; 13.56; 13.57; 13.59; 13.60; 13.61; 13.62; 13.64; 13.642; 13.643; 13.644; 13.645; 13.65; 13.66; 13.67; 13.671; 13.68; 13.69; 13.691; 13.692; 13.71; 13.72; 13.74; 13.75; 13.76; 13.761; 13.77; 13.771; 13.78; 13.79; 13.791; 13.792; 13.793; 13.794; 13.80; 13.82; 13.83; 13.84; 13.85; 13.86; 13.87; 13.88; 13.89; 13.90; and 13.99.

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

McGuire, Carruthers, Macklin and Skoglund introduced:

H. F. No. 1800, A bill for an act relating to health care information; providing conditions for the disclosure of health care information; enacting the Uniform Health Care Information Act; providing penalties; proposing coding for new law as Minnesota Statutes, chapter 143.

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

McGuire, Macklin and Skoglund introduced:

H. F. No. 1801, A bill for an act relating to collection and dissemination of data; enacting the uniform criminal history records act; prescribing penalties; amending Minnesota Statutes 1992, section 13.82, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 13D; repealing Minnesota Statutes 1992, section 13.87.

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

REPORTS FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Anderson, I., for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

Be It Resolved by the House of Representatives that, while it is adjourned until 1994, it retains parking lots B, C, and D, and the state office building parking ramp, for the use of members and employees of the House of Representatives.

Be It Further Resolved that the Sergeant at Arms is directed to manage the lots and ramp while the House of Representatives is adjourned.

The motion prevailed and the report was adopted.

Anderson, I., for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

Be It Resolved by the House of Representatives that, while it is adjourned until 1994, the Chief Clerk under the direction of the Speaker shall maintain House facilities in the Capitol. The House Chamber, retiring room, hearing and conference rooms, and offices shall be set up and made ready for legislative use and reserved for the House and its committees. Those rooms may be reserved for uses by others that are not in conflict with the House's use.

The House Chamber, retiring room, and hearing room may be used by the Territorial Pioneers, YMCA Youth in Government, Girls' State, Young Leaders Organization, National Forensics League, and 4-H Leadership Conference.

The motion prevailed and the report was adopted.

Anderson, I., for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

Be It Resolved by the House of Representatives that the Chief Clerk is directed to correct and approve the Journal of the House for May 17, 1993.

Be It Further Resolved that the Chief Clerk is authorized to include in the Journal for May 17, 1993, any proceedings including subsequent proceedings and any legislative interim committees or commissions created or appointments made to them by legislative action or by law.

The motion prevailed and the report was adopted.

There being no objection, the order of business advanced to Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Anderson, I., and Long introduced:

House Concurrent Resolution No. 3, A house concurrent resolution relating to adjournment of the House of Representatives and Senate until 1994.

SUSPENSION OF RULES

Anderson, I., moved that the rules be so far suspended that House Concurrent Resolution No. 3 be now considered and be placed upon its adoption. The motion prevailed.

HOUSE CONCURRENT RESOLUTION NO. 3

A house concurrent resolution relating to adjournment of the House of Representatives and Senate until 1994.

Be It Resolved, by the House of Representatives of the State of Minnesota, the Senate concurring:

(1) Upon their adjournments on May 17, 1993, the House of Representatives may set its next day of meeting for February 22, 1994, at 12:00 noon and the Senate may set its next day of meeting for February 22, 1994, at 12:00 noon.

(2) By the adoption of this resolution, each house consents to adjournment of the other house for more than three days.

Anderson, I., moved that House Concurrent Resolution No. 3 be now adopted. The motion prevailed and House Concurrent Resolution No. 3 was adopted.

Anderson, I., moved that when the House adjourns today it adjourn until 12:00 noon, Tuesday, February 22, 1994. The motion prevailed.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1311, A bill for an act relating to local government; providing for the continuation of the Mississippi River parkway commission; amending Minnesota Statutes 1992, section 161.1419, subdivision 8.

PATRICK E. FLAHAVERN, Secretary of the Senate

Trimble moved that the House refuse to concur in the Senate amendments to H. F. No. 1311, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Madam Speaker:

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

S. F. No. 694.

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. 694

A bill for an act relating to driving while intoxicated; increasing driver's license revocation periods and restricting issuance of limited licenses to persons convicted of DWI, to comply with federal standards; increasing penalties for driving while intoxicated with a child under 16 in the vehicle; modifying bond provisions; establishing misdemeanor offense of operating a motor vehicle by a minor with alcohol concentration greater than 0.02; providing for implied consent to test minor's blood, breath, or urine and making refusal to take test a crime; amending Minnesota Statutes 1992, sections 168.042, subdivision 2; 169.121, subdivisions 1, 2, 3, 4, 6, 8, 10a, and by adding a subdivision; 169.1217, subdivisions 1 and 4; 169.123, subdivisions 2, 4, 5a, 6, 10, and by adding a subdivision; 169.129; 171.30, subdivision 2a; 171.305, subdivision 2; and 609.21; proposing coding for new law in Minnesota Statutes, chapter 169.

May 15, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 694, 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. 694 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [152.0271] [NOTICE TO COMMISSIONER OF PUBLIC SAFETY OF CERTAIN DRUG CONVICTIONS; DRIVER'S LICENSE REVOCATION.]

When a person is convicted of violating a provision of sections 152.021 to 152.027, the sentencing court shall determine whether the person unlawfully sold or possessed the controlled substance while driving a motor vehicle. If so, the court shall notify the commissioner of public safety of its determination and order the commissioner to revoke the person's driver's license for 30 days. If the person does not have a driver's license or if the person's driver's license is suspended or revoked at the time of the conviction, the commissioner shall delay the issuance or reinstatement of the person's driver's license for 30 days after the person applies for the issuance or reinstatement of the license. Upon receipt of the court's order, the commissioner is authorized to take the licensing action without a hearing.

Sec. 2. Minnesota Statutes 1992, section 168.042, subdivision 2, is amended to read:

Subd. 2. [VIOLATION; ISSUANCE OF IMPOUNDMENT ORDER.] The commissioner shall issue a registration plate impoundment order when:

(1) a person's driver's license or driving privileges are revoked for a third violation, as defined in subdivision 1, paragraph (c), clause (1), within five years or a fourth or subsequent violation, as defined in subdivision 1, paragraph (c), clause (1), within 15 years; or

(2) a person's driver's license or driving privileges are revoked for a violation of section 169.121, subdivision 3, paragraph (c), clause (4), within five years of one previous violation or within 15 years of two or more previous violations, as defined in subdivision 1, paragraph (c), clause (1); or

(3) a person is arrested for or charged with a violation described in subdivision 1, paragraph (c), clause (2) or (3).

The order shall require the impoundment of the registration plates of the vehicle involved in the violation and all vehicles owned by, registered, or leased in the name of the violator, including vehicles registered jointly or leased in the name of the violator and another. An impoundment order shall not be issued for the registration plates of a rental vehicle as defined in section 168.041, subdivision 10, or a vehicle registered in another state.

Sec. 3. Minnesota Statutes 1992, section 169.121, is amended by adding a subdivision to read:

Subd. 1c. [CONDITIONAL RELEASE.] A person charged with violating subdivision 1 within ten years of the first of three prior impaired driving convictions or within the person's lifetime after four or more prior impaired driving convictions may be released from detention only upon the following conditions unless maximum bail is imposed:

(1) the impoundment of the registration plates of the vehicle used to commit the violation occurred, unless already impounded;

(2) a requirement that the alleged violator report weekly to a probation agent;

(3) a requirement that the alleged violator abstain from consumption of alcohol and controlled substances and submit to random, weekly alcohol tests or urine analyses; and

(4) a requirement that, if convicted, the alleged violator reimburse the court or county for the total cost of these services.

Sec. 4. Minnesota Statutes 1992, section 169.121, subdivision 2, is amended to read:

Subd. 2. [EVIDENCE.] Upon the trial of any prosecution arising out of acts alleged to have been committed by any person arrested for driving, operating, or being in physical control of a motor vehicle in violation of subdivision 1, the court may admit evidence of the amount of alcohol or a controlled substance in the person's blood, breath, or urine as shown by an analysis of those items.

For the purposes of this subdivision:

~~(a) evidence that there was at the time an alcohol concentration of 0.05 or less is prima facie evidence that the person was not under the influence of alcohol;~~

~~(b) evidence that there was at the time an alcohol concentration of more than 0.05 and less than 0.10~~ 0.04 or more is relevant evidence in indicating whether or not the person was under the influence of alcohol.

Evidence of the refusal to take a test is admissible into evidence in a prosecution under this section or an ordinance in conformity with it.

If proven by a preponderance of the evidence, it shall be an affirmative defense to a violation of subdivision 1, clause (e), that the defendant consumed a sufficient quantity of alcohol after the time of actual driving, operating, or physical control of a motor vehicle and before the administration of the evidentiary test to cause the defendant's alcohol concentration to exceed 0.10. Provided, that this evidence may not be admitted unless notice is given to the prosecution prior to the omnibus or pretrial hearing in the matter.

The foregoing provisions do not limit the introduction of any other competent evidence bearing upon the question whether or not the person violated this section, including tests obtained more than two hours after the alleged violation and results obtained from partial tests on an infrared breath-testing instrument. A result from a partial test is the measurement obtained by analyzing one adequate breath sample, as defined in section 169.123, subdivision 2b, paragraph (b).

Sec. 5. Minnesota Statutes 1992, section 169.121, subdivision 3, is amended to read:

Subd. 3. [CRIMINAL PENALTIES.] (a) As used in this subdivision:

(1) "prior impaired driving conviction" means a prior conviction under this section; section 84.91, subdivision 1, paragraph (a); 86B.331, subdivision 1, paragraph (a); 169.129; 360.0752; 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); 609.21, subdivision 4, clauses (2) to (4); or an ordinance from this state, or a statute or ordinance from another state in conformity with any of them. A prior impaired driving conviction also includes a prior juvenile adjudication that would have been a prior impaired driving conviction if committed by an adult; and

(2) "prior license revocation" means a driver's license suspension, revocation, or cancellation under this section; section 169.123; 171.04; 171.14; 171.16; 171.17; or 171.18 because of an alcohol-related incident; 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); or 609.21, subdivision 4, clauses (2) to (4).

(b) A person who violates subdivision 1 or 1a, or an ordinance in conformity with either of them, is guilty of a misdemeanor.

(c) A person is guilty of a gross misdemeanor under any of the following circumstances:

(1) the person violates subdivision 1 within five years of a prior impaired driving conviction, or within ten years of the first of two or more prior impaired driving convictions;

(2) the person violates subdivision 1a within five years of a prior license revocation, or within ten years of the first of two or more prior license revocations; or

(3) the person violates section 169.26 while in violation of subdivision 1; or

(4) the person violates subdivision 1 while a child under the age of 16 is in the vehicle, if the child is more than 36 months younger than the violator.

(d) 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.

When an attorney responsible for prosecuting gross misdemeanors under this section requests criminal history information relating to prior impaired driving convictions from a court, the court must furnish the information without charge.

Sec. 6. Minnesota Statutes 1992, section 169.121, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE PENALTIES.] (a) The commissioner of public safety shall revoke the driver's license of a person convicted of violating this section or an ordinance in conformity with it as follows:

(1) first offense under subdivision 1: not less than 30 days;

(2) first offense under subdivision 1a: not less than 90 days;

(3) second offense in less than five years, or third or subsequent offense on the record: (i) if the current conviction is for a violation of subdivision 1, not less than 180 days and until the court has certified that treatment or rehabilitation has been successfully completed where prescribed in accordance with section 169.126; or (ii) if the current conviction is for a violation of subdivision 1a, not less than one year and until the court has certified that treatment or rehabilitation has been successfully completed where prescribed in accordance with section 169.126;

(4) third offense in less than five years: not less than one year, together with denial under section 171.04, subdivision 1, clause (8), until rehabilitation is established in accordance with standards established by the commissioner;

(5) fourth or subsequent offense on the record: not less than two years, together with denial under section 171.04, subdivision 1, clause (8), until rehabilitation is established in accordance with standards established by the commissioner.

(b) If the person convicted of violating this section is under the age of ~~18~~ 21 years, the commissioner of public safety shall revoke the offender's driver's license or operating privileges ~~until the offender reaches the age of 18 years~~ or for a period of six months or for the appropriate period of time under paragraph (a), clauses (1) to (5), for the offense committed, whichever is the greatest period.

(c) For purposes of this subdivision, a juvenile adjudication under this section, section 169.129, an ordinance in conformity with either of them, or a statute or ordinance from another state in conformity with either of them is an offense.

(d) Whenever department records show that the violation involved personal injury or death to any person, not less than 90 additional days shall be added to the base periods provided above.

(e) Except for a person whose license has been revoked under paragraph (b), any person whose license has been revoked pursuant to section 169.123 as the result of the same incident, and who does not have a prior impaired driving conviction or prior license revocation as defined in subdivision 3 within the previous ten years, is subject to the mandatory revocation provisions of paragraph (a), clause (1) or (2), in lieu of the mandatory revocation provisions of section 169.123.

Sec. 7. Minnesota Statutes 1992, section 169.121, subdivision 6, is amended to read:

Subd. 6. [PRELIMINARY SCREENING TEST.] When a peace officer has reason to believe from the manner in which a person is driving, operating, controlling, or acting upon departure from a motor vehicle, or has driven, operated, or controlled a motor vehicle, that the driver may be violating or has violated subdivision 1 or section 169.121, the officer may require the driver to provide a sample of the driver's breath for a preliminary screening test using a device approved by the commissioner of public safety for this purpose. The results of this preliminary screening test shall be used for the purpose of deciding whether an arrest should be made and whether to require the tests authorized in section 169.123, but shall not be used in any court action except (1) to prove that a test was properly required of a person pursuant to section 169.123, subdivision 2; ~~or~~ (2) in a civil action arising out of the operation or use of the motor vehicle; (3) in an action for license reinstatement under section 171.19; or (4) in a prosecution or juvenile court proceeding concerning a violation of section 340A.503, subdivision 1, paragraph (a), clause (2). Following the screening test additional tests may be required of the driver pursuant to the provisions of section 169.123.

The driver who refuses to furnish a sample of the driver's breath is subject to the provisions of section 169.123 unless, in compliance with section 169.123, the driver submits to a blood, breath or urine test to determine the presence of alcohol or a controlled substance.

Sec. 8. Minnesota Statutes 1992, section 169.1217, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meanings given them:

(a) "Appropriate authority" means a law enforcement agency that has the authority to make an arrest for a violation of a designated offense.

(b) "Designated offense" includes a violation of section 169.121, an ordinance in conformity with it, or 169.129:

(1) within five years of three prior driving under the influence convictions or three prior license revocations based on separate incidents;

(2) within 15 years of the first of four or more prior driving under the influence convictions or the first of four or more prior license revocations based on separate incidents;

(3) by a person whose driver's license or driving privileges have been canceled under section 171.04, subdivision 1, clause (8); or

(4) by a person who is subject to a restriction on the person's driver's license under section 171.09 which provides that the person may not use or consume any amount of alcohol or a controlled substance.

"Designated offense" also includes a violation of section 169.121, subdivision 3, paragraph (c), clause (4):

(1) within five years of two prior driving under the influence convictions or two prior license revocations based on separate incidents; or

(2) within 15 years of the first of three or more prior driving under the influence convictions or the first of three or more prior license revocations based on separate incidents.

(c) "Motor vehicle" and "vehicle" have the meaning given "motor vehicle" in section 169.121, subdivision 11. The terms do not include a vehicle which is stolen or taken in violation of the law.

(d) "Owner" means the registered owner of the motor vehicle according to records of the department of public safety and includes a lessee of a motor vehicle if the lease agreement has a term of 180 days or more.

(e) "Prior driving under the influence conviction" means a prior conviction under section 169.121; 169.129; or 609.21, subdivision 1, clauses (2) to (4); 2, clauses (2) to (4); 2a, clauses (2) to (4); 3, clauses (2) to (4); or 4, clauses (2) to (4); or an ordinance from this state, or a statute or ordinance from another state in conformity with any of them. A prior driving under the influence conviction also includes a prior juvenile adjudication that would have been a prior driving under the influence conviction if committed by an adult.

(f) "Prior license revocation" has the meaning given it in section 169.121, subdivision 3.

(g) "Prosecuting authority" means the attorney in the jurisdiction in which the designated offense occurred who is responsible for prosecuting violations of a designated offense.

Sec. 9. Minnesota Statutes 1992, section 169.1217, subdivision 9, is amended to read:

Subd. 9. [DISPOSITION OF FORFEITED VEHICLES.] (a) If the court finds under subdivision 8 that the vehicle is subject to forfeiture, it shall order the appropriate agency to:

(1) sell the vehicle and distribute the proceeds under paragraph (b); or

(2) keep the vehicle for official use.

(b) The proceeds from the sale of forfeited vehicles, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the property, must be forwarded to the treasury of the political subdivision that employs the appropriate agency responsible for the forfeiture for use in DWI-related enforcement, training and education. If the appropriate agency is an agency of state government, the net proceeds must be forwarded to the agency for use in DWI-related enforcement, training, and education until June 30, 1994, and thereafter to the state treasury and credited to the general fund.

Sec. 10. Minnesota Statutes 1992, section 169.123, subdivision 2, is amended to read:

Subd. 2. [IMPLIED CONSENT; CONDITIONS; ELECTION OF TEST.] (a) 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 consents, subject to the provisions of this section and section sections 169.121 and 169.1211, to a chemical test of that person's blood, breath, or urine for the purpose of determining the presence of alcohol or a controlled substance. The test shall be administered at the direction of a peace officer. The test may be required of a person when an officer has probable cause to believe the person was driving, operating, or in physical control of a motor vehicle in violation of section 169.121 and one of the following conditions exist:

(1) the person has been lawfully placed under arrest for violation of section 169.121, or an ordinance in conformity with it;

(2) the person has been involved in a motor vehicle accident or collision resulting in property damage, personal injury, or death;

- (3) the person has refused to take the screening test provided for by section 169.121, subdivision 6; or
- (4) the screening test was administered and indicated an alcohol concentration of 0.10 or more.

The test may also be required of a person when an officer has probable cause to believe the person was driving, operating, or in physical control of a commercial motor vehicle with the presence of any alcohol.

(b) At the time a test is requested, the person shall be informed:

(1) that Minnesota law requires the person to take a test to determine if the person is under the influence of alcohol or a controlled substance or, if the motor vehicle was a commercial motor vehicle, that Minnesota law requires the person to take a test to determine the presence of alcohol;

(2) that refusal to take a test is a crime;

(3) if the peace officer has probable cause to believe the person has violated the criminal vehicular homicide and injury laws, that a test will be taken with or without the person's consent; and

(4) that the person has the right to consult with an attorney, but that this right is limited to the extent that it cannot unreasonably delay administration of the test.

(c) The peace officer who requires a test pursuant to this subdivision may direct whether the test shall be of blood, breath, or urine. Action may be taken against a person who refuses to take a blood test only if an alternative test was offered and action may be taken against a person who refuses to take a urine test only if an alternative test was offered.

Sec. 11. Minnesota Statutes 1992, section 169.123, subdivision 4, is amended to read:

Subd. 4. [REFUSAL; REVOCATION OF LICENSE.] If a person refuses to permit a test, none shall be given, but the peace officer shall report the refusal to the commissioner of public safety and the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction in which the acts occurred. However, if a peace officer has probable cause to believe that the person has violated section 609.21, a test may be required and obtained despite the person's refusal. A refusal to submit to an alcohol concentration test does not constitute a violation of section 609.50, unless the refusal was accompanied by force or violence or the threat of force or violence. If a person submits to a test and the test results indicate an alcohol concentration of 0.10 or more, or if a person was driving, operating, or in physical control of a commercial motor vehicle and the test results indicate an alcohol concentration of 0.04 or more, the results of the test shall be reported to the commissioner of public safety and to the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction in which the acts occurred.

Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a motor vehicle while under the influence of alcohol or a controlled substance and that the person refused to submit to a test, the commissioner of public safety shall revoke the person's license or permit to drive, or nonresident operating privilege, for a period of one year even if a test was obtained pursuant to this section after the person refused to submit to testing. Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a commercial motor vehicle with the presence of any alcohol and that the person refused to submit to a test, the commissioner shall disqualify the person from operating a commercial motor vehicle for a period of one year under section 171.165 and shall revoke the person's license or permit to drive or nonresident operating privilege for a period of one year. ~~If the person refusing to submit to testing is under the age of 18 years, the commissioner shall revoke the person's license or permit to drive, or nonresident operating privilege, for a period of one year or until the person reaches the age of 18 years, whichever is greater.~~ Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating or in physical control of a motor vehicle while under the influence of alcohol or a controlled substance and that the person submitted to a test and the test results indicate an alcohol concentration of 0.10 or more, the commissioner of public safety shall revoke the person's license or permit to drive, or nonresident operating privilege, for: (1) a period of 90 days; or (2) if the person is under the age of ~~18~~ 21 years, for a period of six months ~~or until the person reaches the age of 18 years, whichever is greater~~; or (3) if the person's driver's license or driving privileges have been revoked within the past five years under this section or section 169.121, for a period of 180 days. On certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a commercial motor vehicle with any presence of alcohol and that the

person submitted to a test and the test results indicated an alcohol concentration of 0.04 or more, the commissioner of public safety shall disqualify the person from operating a commercial motor vehicle under section 171.165.

If the person is a resident without a license or permit to operate a motor vehicle in this state, the commissioner of public safety shall deny to the person the issuance of a license or permit for the same period after the date of the alleged violation as provided herein for revocation, subject to review as hereinafter provided.

Sec. 12. Minnesota Statutes 1992, section 169.129, is amended to read:

169.129 [AGGRAVATED VIOLATIONS; PENALTY.]

Any person is guilty of a gross misdemeanor who drives, operates, or is in physical control of a motor vehicle, the operation of which requires a driver's license, within this state or upon the ice of any boundary water of this state in violation of section 169.121 or an ordinance in conformity with it before the person's driver's license or driver's privilege has been reinstated following its cancellation, suspension, revocation, or denial under any of the following: section 169.121, 169.121, or 169.123; section 171.04, 171.14, 171.16, 171.17, or 171.18 because of an alcohol-related incident; section 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); or 609.21, subdivision 4, clauses (2) to (4).

Sec. 13. Minnesota Statutes 1992, section 171.13, subdivision 1b, is amended to read:

Subd. 1b. [DRIVER'S MANUAL; ALCOHOL CONSUMPTION.] The commissioner shall include in each edition of the driver's manual published by the department a chapter relating to the effect of alcohol consumption on highway safety and on the ability of drivers to safely operate motor vehicles and a summary of the laws of Minnesota on operating a motor vehicle while under the influence of alcohol or a controlled substance. This chapter shall also include information on the dangers of driving at alcohol concentration levels below the legal limit for alcohol concentration, and specifically state that:

(1) there is no "safe" level or amount of alcohol that an individual can assume will not impair one's driving performance or increase the risk of a crash;

(2) a driver may be convicted of driving while impaired whether or not the driver's alcohol concentration exceeds the legal limit for alcohol concentration; and

(3) a person under the legal drinking age may be convicted of illegally consuming alcohol if found to have consumed any amount of alcohol.

Sec. 14. [171.172] [DRIVER'S LICENSE REVOCATION; PERSONS CONVICTED OF OR ADJUDICATED FOR CERTAIN CONTROLLED SUBSTANCE OFFENSES.]

The commissioner of public safety shall revoke the driver's license of any person convicted of or any juvenile adjudicated for a controlled substance offense if the court has notified the commissioner of a determination made under section 152.0271 or 260.185, subdivision 1. The period of revocation shall be for the applicable time period specified in section 152.0271. If the person does not have a driver's license or if the person's driver's license is suspended or revoked at the time of the conviction or adjudication, the commissioner shall, upon the person's application for driver's license issuance or reinstatement, delay the issuance or reinstatement of the person's driver's license for the applicable time period specified in section 152.0271.

Sec. 15. [171.173] [DRIVER'S LICENSE SUSPENSION; PERSONS CONVICTED OF OR ADJUDICATED FOR CERTAIN UNDERAGE DRINKING OFFENSES.]

The commissioner of public safety shall suspend the driver's license of any person convicted of or any juvenile adjudicated for an offense under section 340A.503, subdivision 1, paragraph (a), clause (2), if the court has notified the commissioner of a determination made under section 340A.503, subdivision 1, paragraph (c). The period of suspension shall be for the applicable period specified in that paragraph. If the person does not have a driver's license or if the person's driver's license is suspended or revoked at the time of the conviction or adjudication, the commissioner shall, upon the person's application for driver's license issuance or reinstatement, delay the issuance or reinstatement of the person's driver's license for the applicable time period specified in section 340A.503, subdivision 1, paragraph (c). Upon receipt of the court's order, the commissioner is authorized to take the licensing action without a hearing.

Sec. 16. Minnesota Statutes 1992, section 171.24, is amended to read:

171.24 [VIOLATIONS; DRIVING WITHOUT VALID LICENSE.]

(a) Except as otherwise provided in paragraph (c), any person whose driver's license or driving privilege has been canceled, suspended, or revoked and who has been given notice of, or reasonably should know of the revocation, suspension, or cancellation, and who disobeys such order by operating anywhere in this state any motor vehicle, the operation of which requires a driver's license, while such license or privilege is canceled, suspended, or revoked is guilty of a misdemeanor.

(b) Any person who has been disqualified from holding a commercial driver's license or been denied the privilege to operate a commercial motor vehicle, who has been given notice of or reasonably should know of the disqualification, and who disobeys the order by operating in this state a commercial motor vehicle while the person is disqualified to hold the license or privilege, is guilty of a misdemeanor.

(c) A person is guilty of a gross misdemeanor if:

(1) the person's driver's license or driving privileges has been canceled under section 171.04, subdivision 1, clause (8), and the person has been given notice of or reasonably should know of the cancellation; and

(2) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is canceled.

Notice of revocation, suspension, cancellation, or disqualification is sufficient if personally served, or if mailed by first class mail to the person's last known address or to the address listed on the person's driver's license. Notice is also sufficient if the person was informed that revocation, suspension, cancellation, or disqualification would be imposed upon a condition occurring or failing to occur, and where the condition has in fact occurred or failed to occur. It is not a defense that a person failed to file a change of address with the post office, or failed to notify the department of public safety of a change of name or address as required under section 171.11.

Sec. 17. Minnesota Statutes 1992, section 171.30, subdivision 1, is amended to read:

Subdivision 1. [CONDITIONS OF ISSUANCE.] In any case where a person's license has been suspended under section 171.18 or 171.173, or revoked under section 169.121, 169.123, 169.792, 169.797, ~~or 171.17,~~ or 171.172, the commissioner may issue a limited license to the driver including under the following conditions:

(1) if the driver's livelihood or attendance at a chemical dependency treatment or counseling program depends upon the use of the driver's license;

(2) if the use of a driver's license by a homemaker is necessary to prevent the substantial disruption of the education, medical, or nutritional needs of the family of the homemaker; or

(3) if attendance at a post-secondary institution of education by an enrolled student of that institution depends upon the use of the driver's license.

The commissioner in issuing a limited license may impose such conditions and limitations as in the commissioner's judgment are necessary to the interests of the public safety and welfare including reexamination as to the driver's qualifications. The license may be limited to the operation of particular vehicles, to particular classes and times of operation and to particular conditions of traffic. The commissioner may require that an applicant for a limited license affirmatively demonstrate that use of public transportation or carpooling as an alternative to a limited license would be a significant hardship.

For purposes of this subdivision, "homemaker" refers to the person primarily performing the domestic tasks in a household of residents consisting of at least the person and the person's dependent child or other dependents.

The limited license issued by the commissioner shall clearly indicate the limitations imposed and the driver operating under the limited license shall have the license in possession at all times when operating as a driver.

In determining whether to issue a limited license, the commissioner shall consider the number and the seriousness of prior convictions and the entire driving record of the driver and shall consider the number of miles driven by the driver annually.

If the person's driver's license or permit to drive has been revoked under section 169.792 or 169.797, the commissioner may only issue a limited license to the person after the person has presented an insurance identification card, policy, or written statement indicating that the driver or owner has insurance coverage satisfactory to the commissioner of public safety. The commissioner of public safety may require the insurance identification card provided to satisfy this subdivision be certified by the insurance company to be noncancelable for a period not to exceed 12 months.

Sec. 18. Minnesota Statutes 1992, section 171.30, subdivision 2a, is amended to read:

Subd. 2a. [OTHER WAITING PERIODS.] Notwithstanding subdivision 2, a limited license shall not be issued for a period of:

(1) 15 days, to a person whose license or privilege has been revoked or suspended for a violation of section 169.121 or 169.123;

(2) 90 days, to a person who submitted to testing under section 169.123 if the person's license or privilege has been revoked or suspended for a second or subsequent violation of section 169.121 or 169.123;

(3) 180 days, to a person who refused testing under section 169.123 if the person's license or privilege has been revoked or suspended for a second or subsequent violation of section 169.121 or 169.123; or

(4) one year, to a person whose license or privilege has been revoked or suspended for commission of the offense of manslaughter resulting from the operation of a motor vehicle or criminal vehicular homicide or injury under section 609.21.

Sec. 19. Minnesota Statutes 1992, section 171.305, subdivision 2, is amended to read:

Subd. 2. [PILOT PROGRAM.] The commissioner shall establish a statewide pilot program for the use of an ignition interlock device by a person whose driver's license or driving privilege has been canceled and denied by the commissioner for an alcohol or controlled substance related incident. The commissioner shall conduct the program until December 31, 1995. The commissioner shall evaluate the program and shall report to the legislature by February 1, ~~1994~~ 1995, on whether changes in the program are necessary and whether the program should be permanent. No limited license shall be issued under this program after August 1, ~~1993~~ 1995.

Sec. 20. Minnesota Statutes 1992, 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 the child's 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 245A.01 to 245A.16; or

(4) 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) 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 person or 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 found by the court to have committed a controlled substance offense under sections 152.021 to 152.027, the court shall determine whether the child unlawfully possessed or sold the controlled substance while driving a motor vehicle. If so, the court shall notify the commissioner of public safety of its determination and order the commissioner to revoke the child's driver's license for the applicable time period specified in section 152.0271. If the child does not have a driver's license or if the child's driver's license is suspended or revoked at the time of the delinquency finding, the commissioner shall, upon the child's application for driver's license issuance or reinstatement, delay the issuance or reinstatement of the child's driver's license for the applicable time period specified in section 152.0271. Upon receipt of the court's order, the commissioner is authorized to take the licensing action without a hearing.

If the child is petitioned and found by the court to have committed or attempted to commit an act in violation of section 609.342; 609.343; 609.344; 609.345; 609.3451; 609.746, subdivision 1; 609.79; or 617.23, or another offense arising out of a delinquency petition based on one or more of those sections, the court shall order an independent professional assessment of the child's need for sex offender treatment. An assessor providing an 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 the assessment 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. Notwithstanding section 13.42, 13.85, 144.335, 260.161, or 626.556, the assessor has access to the following private or confidential data on the child if access is relevant and necessary for the assessment:

- (1) medical data under section 13.42;
- (2) corrections and detention data under section 13.85;
- (3) health records under section 144.335;
- (4) juvenile court records under section 260.161; and
- (5) local welfare agency records under section 626.556.

Data disclosed under this paragraph may be used only for purposes of the assessment and may not be further disclosed to any other person, except as authorized by law.

If the child is found delinquent due to the commission of an offense that would be a felony if committed by an adult, the court shall make a specific finding on the record regarding the juvenile's mental health and chemical dependency treatment needs.

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.

Sec. 21. Minnesota Statutes 1992, section 340A.503, subdivision 1, is amended to read:

Subdivision 1. [CONSUMPTION.] (a) It is unlawful for any:

(1) retail intoxicating liquor or nonintoxicating liquor licensee, municipal liquor store, or bottle club permit holder under section 340A.414, to permit any person under the age of 21 years to consume alcoholic beverages on the licensed premises or within the municipal liquor store; or

(2) person under the age of 21 years to consume any alcoholic beverages. As used in this clause, "consume" includes the ingestion of an alcoholic beverage and the physical condition of having ingested an alcoholic beverage. If proven by a preponderance of the evidence, it is an affirmative defense to a violation of this clause that the defendant consumed the alcoholic beverage in the household of the defendant's parent or guardian and with the consent of the parent or guardian.

(b) An offense under paragraph (a), clause (2), may be prosecuted either at the place where consumption occurs or the place where evidence of consumption is observed.

(c) When a person is convicted of or adjudicated for an offense under paragraph (a), clause (2), the court shall determine whether the person committed the offense while operating a motor vehicle. If so, the court shall notify the commissioner of public safety of its determination. Upon receipt of the court's determination, the commissioner shall suspend the person's driver's license or operating privileges for 30 days, or for 180 days if the person has previously been convicted of or adjudicated for an offense under paragraph (a), clause (2).

Sec. 22. Minnesota Statutes 1992, section 340A.802, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS; CONTENT.] In the case of a claim for damages, the notice must be served by the claimant's attorney within ~~120~~ 240 days of the date of entering an attorney-client relationship with the person in regard to the claim. In the case of claims for contribution or indemnity, the notice must be served within 120 days after the injury occurs or within 60 days after receiving written notice of a claim for contribution or indemnity, whichever is applicable. No action for damage or for contribution or indemnity may be maintained unless the notice has been given. If requested to do so, a municipality or licensee receiving a notice shall promptly furnish claimant's attorney the names and addresses of other municipalities or licensees who sold or bartered liquor to the person identified in the notice, if known. Actual notice of sufficient facts reasonably to put the licensee or governing body of the municipality on notice of a possible claim complies with the notice requirement.

No action may be maintained under section 340A.801 unless commenced within two years after the injury.

Sec. 23. [EFFECTIVE DATES.]

Sections 1 to 8, 10 to 14, 16, and 20 are effective August 1, 1993, and apply to crimes committed on or after that date. Sections 15, 17, and 21 are effective June 1, 1993, and apply to crimes committed on or after that date. Section 22 is effective August 1, 1993, and applies to causes of action arising on or after that date. Section 18 is effective January 1, 1994, and applies to violations committed on or after that date. Section 19 is effective the day following final enactment. Section 9 applies to vehicles subject to forfeiture due to crimes committed after June 30, 1993, and before July 1, 1994."

Delete the title and insert:

"A bill for an act relating to alcohol and chemical use; increasing penalties for driving while intoxicated with a child under 16 in the vehicle and providing for vehicle forfeiture for multiple offenses; requiring driver's license revocation for persons convicted of a controlled substance offense if the court finds that the person committed the offense while driving a motor vehicle; providing pretrial release conditions for habitual DWI violators; increasing the penalty for certain persons who drive while under license cancellation; allowing the use of preliminary screening tests in certain proceedings; providing one-year program for funds from sale of certain forfeited vehicles to be used for DWI-related enforcement, training, and education; making technical changes to apply DWI-related provisions to commercial motor vehicle operators; requiring information related to the risks and effects of alcohol to be printed in driver's manual;

clarifying administrative revocation penalties; extending ignition interlock pilot program for one year; defining "consumption" in the underage drinking law; expanding prosecutorial jurisdiction over underage drinking offenses; requiring driver's license suspension for persons who commit an underage drinking offense while operating a motor vehicle; expanding filing requirements relating to dram shop actions; amending Minnesota Statutes 1992, sections 168.042, subdivision 2; 169.121, subdivisions 2, 3, 4, 6, and by adding a subdivision; 169.1217, subdivisions 1 and 9; 169.123, subdivisions 2 and 4; 169.129; 171.13, subdivision 1b; 171.24; 171.30, subdivisions 1 and 2a; 171.305, subdivision 2; 260.185, subdivision 1; 340A.503, subdivision 1; and 340A.802, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 152; and 171."

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

Senate Conferees: JOHN MARTY, KEVIN M. CHANDLER, RICHARD J. COHEN, WILLIAM V. BELANGER, JR., AND THOMAS M. NEUVILLE.

House Conferees: PHIL CARRUTHERS, MIKE DELMONT, WALTER E. PERLT, KATHLEEN A. BLATZ AND DOUG SWENSON.

Carruthers moved that the report of the Conference Committee on S. F. No. 694 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker called Pugh to the Chair.

S. F. No. 694, A bill for an act relating to driving while intoxicated; increasing driver's license revocation periods and restricting issuance of limited licenses to persons convicted of DWI, to comply with federal standards; increasing penalties for driving while intoxicated with a child under 16 in the vehicle; modifying bond provisions; establishing misdemeanor offense of operating a motor vehicle by a minor with alcohol concentration greater than 0.02; providing for implied consent to test minor's blood, breath, or urine and making refusal to take test a crime; amending Minnesota Statutes 1992, sections 168.042, subdivision 2; 169.121, subdivisions 1, 2, 3, 4, 6, 8, 10a, and by adding a subdivision; 169.1217, subdivisions 1 and 4; 169.123, subdivisions 2, 4, 5a, 6, 10, and by adding a subdivision; 169.129; 171.30, subdivision 2a; 171.305, subdivision 2; and 609.21; proposing coding for new law in Minnesota Statutes, chapter 169.

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 101 yeas and 30 nays as follows:

Those who voted in the affirmative were:

Abrams	Davids	Hugoson	Lieder	Nelson	Reding	Tunheim
Anderson, I.	Dawkins	Huntley	Limmer	Ness	Rest	Van Dellen
Asch	Dehler	Jefferson	Lindner	Olson, E.	Rhodes	Vickerman
Battaglia	Delmont	Jennings	Lourey	Onnen	Rice	Wagenius
Bauerly	Dempsey	Johnson, A.	Luther	Opatz	Rodosovich	Waltman
Bergson	Dorn	Johnson, R.	Lynch	Orenstein	Seagren	Weaver
Bettermann	Erhardt	Johnson, V.	Macklin	Orfield	Sekhon	Wejcman
Bishop	Evans	Kalis	Mahon	Ostrom	Simoneau	Wolf
Blatz	Frerichs	Kelley	Mariani	Ozment	Skoglund	Worke
Brown, K.	Girard	Klinzing	McGuire	Pauly	Smith	Workman
Carlson	Goodno	Knickerbocker	Molnau	Pawlenty	Solberg	Spk. Long
Carruthers	Gutknecht	Koppendrayser	Morrison	Pelowski	Steensma	
Clark	Hasskamp	Krinkie	Mosel	Perlt	Sviggum	
Comms	Haukoos	Krueger	Munger	Peterson	Swenson	
Cooper	Holsten	Leppik	Murphy	Pugh	Tompkins	

Those who voted in the negative were:

Anderson, R.	Garcia	Jacobs	Lasley	Olson, M.	Tomassoni
Beard	Greenfield	Jaros	McCollum	Osthoff	Trimble
Bertram	Greiling	Kahn	Milbert	Rukavina	Welle
Dauner	Gruenes	Kelso	Neary	Sarna	Wenzel
Farrell	Hausman	Kinkel	Olson, K.	Stanisus	Winter

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

Madam Speaker:

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

H. F. No. 1042, A bill for an act relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties; amending Minnesota Statutes 1992, sections 136A.121, subdivision 2; 214.101, subdivision 1; 256.87, subdivisions 1, 1a, 3, and 5; 256.978; 256.979, by adding subdivisions; 256.9791, subdivisions 3 and 4; 257.66, subdivision 3; 257.67, subdivision 3; 349A.08, subdivision 8; 518.14; 518.171, subdivisions 1, 2, 3, 4, 6, 7, 8, 10, and by adding a subdivision; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 5, 5b, 7, 10, 12, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.613, subdivision 1; 518.64, subdivisions 1, 2, 5, and 6; 519.11; 548.09, subdivision 1; 548.091, subdivisions 1a and 3a; 588.20; 595.02, subdivision 1; and 609.375, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 518; repealing Minnesota Statutes 1992, sections 256.979; and 609.37.

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

Madam Speaker:

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

H. F. No. 1178, A bill for an act relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating integrated service networks; requiring regulation of all health care services not provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for classification of certain tax data; permitting expedited rulemaking; requiring certain studies; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 43A.317, subdivision 5; 60A.02, subdivision 1a; 62A.021, subdivision 1; 62A.65; 62E.02, subdivision 23; 62E.10, subdivisions 1 and 3; 62E.11, subdivision 12; 62J.03, subdivisions 6, 8, and by adding a subdivision; 62J.04, subdivisions 1, 2, 3, 4, 5, 7, and by adding a subdivision; 62J.05, subdivision 2, and by adding a subdivision; 62J.09, subdivisions 2, 5, 8, and by adding subdivisions; 62J.15, subdivision 1; 62J.17, subdivision 2, and by adding subdivisions; 62J.23, by adding a subdivision; 62J.30, subdivisions 1, 6, 7, and 8; 62J.32, subdivision 4; 62J.33; 62J.34, subdivision 2; 62L.02, subdivisions 16, 19, 26, and 27; 62L.03, subdivisions 3 and 4; 62L.04, subdivision 1; 62L.05, subdivisions 2, 3, 4, and 6; 62L.08, subdivisions 4 and 8; 62L.09, subdivision 1; 62L.11, subdivision 1; 136A.1355, subdivisions 1, 3, 4, and by adding a subdivision; 136A.1356, subdivisions 2, 4, and 5; 136A.1357; 137.38, subdivisions 2, 3, and 4; 137.39, subdivisions 2 and 3; 137.40, subdivision 3; 144.147, subdivision 4; 144.1484, subdivisions 1 and 2; 144.335, by adding a subdivision; 144.581, subdivision 2; 151.47, subdivision 1; 214.16, subdivision 3; 256.9351, subdivision 3; 256.9352, subdivision 3; 256.9353; 256.9354, subdivisions 1, 4, and 5; 256.9356, subdivisions 1 and 2; 256.9357, subdivision 1; 256.9657, subdivision 3, and by adding a subdivision; 256B.04, subdivision 1; 256B.057, subdivisions 1, 2, and 2a; 256B.0625, subdivision 13; 256D.03, subdivision 3; 270B.01, subdivision 8; 295.50, subdivisions 3, 4, 7, 14, and by adding subdivisions; 295.51, subdivision 1; 295.52, by adding subdivisions; 295.53, subdivisions 1, 3, and by adding a subdivision; 295.54; 295.55, subdivision 4; 295.57; 295.58; 295.59; Laws 1990, chapter 591, article 4, section 9; proposing coding for new law in Minnesota Statutes, chapters 16B; 43A; 62A; 62J; 136A; 144; 151; 256; and 295; proposing coding for new law as Minnesota Statutes, chapters 62N; and 62O; repealing Minnesota Statutes 1992, sections 62J.15, subdivision 2; 62J.17, subdivisions 4, 5, and 6; 62J.29; 62L.09, subdivision 2; 295.50, subdivision 10; and 295.51, subdivision 2; Laws 1992, chapter 549, article 9, section 19, subdivision 2.

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

Madam Speaker:

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

H. F. No. 514, A bill for an act relating to the environment; providing for passive bioremediation; providing for review of agency employee decisions; increasing membership of petroleum tank release compensation board; establishing a fee schedule of costs or criteria for evaluating reasonableness of costs submitted for reimbursement; modifying petroleum tank release cleanup fee; modifying reimbursements; modifying consultant and contractor registration requirements; authorizing board to delegate its reimbursement powers and duties to the commissioner of commerce; requiring a report; authorizing rulemaking; appropriating money; amending Minnesota Statutes 1992, sections 115C.02, subdivisions 10 and 14; 115C.03, by adding subdivisions; 115C.07, subdivisions 1, 2, and 3; 115C.08, subdivisions 1, 2, 3, and 4; 115C.09, subdivisions 1, 3, 3a, 3c, and by adding a subdivision; and 115C.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1992, sections 115C.01; 115C.02; 115C.021; 115C.03; 115C.04; 115C.045; 115C.05; 115C.06; 115C.065; 115C.07; 115C.08; 115C.09; 115C.10; 115C.11; and 115C.12.

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

The Speaker resumed the Chair.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 555, A bill for an act relating to insurance; credit; permitting the sale of credit involuntary unemployment insurance; amending Minnesota Statutes 1992, sections 47.016, subdivision 1; 48.185, subdivision 4; 52.04, subdivision 1; 56.125, subdivision 3; 56.155, subdivision 1; 60K.03, subdivision 7; 60K.19, subdivision 3; 62B.01; 62B.02, by adding a subdivision; 62B.03; 62B.04, by adding a subdivision; 62B.05; 62B.06, subdivisions 1, 2, and 4; 62B.07, subdivisions 2 and 6; 62B.08, subdivisions 1, 3, 4, and by adding subdivisions; 62B.09, subdivision 3; 62B.11; 62B.12; and 72A.20, subdivision 27.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Carlson moved that the House concur in the Senate amendments to H. F. No. 555 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 555, A bill for an act relating to insurance; credit; permitting the sale of credit involuntary unemployment insurance; appropriating money; amending Minnesota Statutes 1992, sections 47.016, subdivision 1; 48.185, subdivision 4; 52.04, subdivision 1; 56.125, subdivision 3; 56.155, subdivision 1; 60K.03, subdivision 7; 60K.19, subdivision 3; 62B.01; 62B.02, by adding a subdivision; 62B.03; 62B.04, by adding a subdivision; 62B.05; 62B.06, subdivisions 1, 2, and 4; 62B.07, subdivisions 2 and 6; 62B.08, subdivisions 1, 3, 4, and by adding subdivisions; 62B.09, subdivision 3; 62B.11; 62B.12; and 72A.20, subdivision 27.

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 127 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Abrams	Battaglia	Bergson	Bishop	Carlson	Commers	Dauids
Anderson, I.	Bauerly	Bertram	Blatz	Carruthers	Cooper	Dawkins
Anderson, R.	Beard	Bettermann	Brown, K.	Clark	Dauner	Dehler

Delmont	Huntley	Krinkie	Molnau	Ostrom	Sekhon	Waitman
Dempsey	Jacobs	Krueger	Morrison	Ozment	Simoneau	Weaver
Dorn	Jaros	Lasley	Mosel	Pauly	Smith	Wejcman
Evans	Jefferson	Leppik	Munger	Pawlenty	Solberg	Weile
Frerichs	Jennings	Lieder	Murphy	Pelowski	Stanius	Wenzel
Garcia	Johnson, A.	Limmer	Neary	Perlt	Steensma	Winter
Girard	Johnson, R.	Lindner	Nelson	Peterson	Sviggum	Wolf
Goodno	Johnson, V.	Lourey	Ness	Pugh	Swenson	Worke
Greenfield	Kahn	Luther	Olson, E.	Reding	Tomassoni	Workman
Greiling	Kalis	Lynch	Olson, K.	Rest	Tompkins	Spk. Long
Gruenes	Kelley	Macklin	Olson, M.	Rhodes	Trimble	
Gutknecht	Kelso	Mahon	Onner	Rice	Tunheim	
Hasskamp	Kinkel	Mariani	Opatz	Rodosovich	Van Dellen	
Haukoos	Klinzing	McCollum	Orenstein	Rukavina	Vellenga	
Holsten	Knickerbocker	McGuire	Orfield	Sarna	Vickerman	
Hugoson	Koppendraye	Milbert	Osthoff	Seagren	Wagenius	

Those who voted in the negative were:

Asch	Erhardt	Farrell	Hausman	Skoglund
------	---------	---------	---------	----------

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1415, A bill for an act relating to agriculture; modifying certain provisions relating to wheat and barley promotion orders; amending Minnesota Statutes 1992, sections 17.53, subdivisions 2, 8, and 13; 17.59, subdivision 2; and 17.63.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Rodosovich moved that the House concur in the Senate amendments to H. F. No. 1415 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1415, A bill for an act relating to agriculture; modifying certain provisions relating to wheat, barley and corn promotion orders; amending Minnesota Statutes 1992, sections 17.53, subdivisions 2, 8, and 13; 17.59, subdivision 2; and 17.63.

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 128 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Bettermann	Cooper	Erhardt	Greiling	Huntley	Kahn
Anderson, I.	Bishop	Dauner	Evans	Gruenes	Jacobs	Kalis
Anderson, R.	Blatz	Davids	Farrell	Gutknecht	Jaros	Kelley
Battaglia	Brown, K.	Dawkins	Frerichs	Hasskamp	Jefferson	Kelso
Bauerly	Carlson	Dehler	Garcia	Haukoos	Jennings	Kinkel
Beard	Carruthers	Delmont	Girard	Hausman	Johnson, A.	Klinzing
Bergson	Clark	Dempsey	Goodno	Holsten	Johnson, R.	Knickerbocker
Bertram	Commers	Dorn	Greenfield	Hugoson	Johnson, V.	Koppendraye

Krinkie	Mariani	Ness	Pauly	Sarna	Tompkins	Wenzel
Krueger	McCollum	Olson, E.	Pawlenty	Seagren	Trimble	Winter
Lasley	McGuire	Olson, K.	Pelowski	Sekhon	Tunheim	Wolf
Leppik	Milbert	Olson, M.	Perlt	Simoneau	Van Dellen	Worke
Lieder	Molnau	Ornen	Peterson	Skoglund	Vellenga	Workman
Limmer	Morrison	Opatz	Pugh	Smith	Vickerman	Spk. Long
Lindner	Mosel	Orenstein	Reding	Solberg	Wagenius	
Lourey	Munger	Orfield	Rest	Steensma	Waltman	
Lynch	Murphy	Osthoff	Rhodes	Sviggum	Weaver	
Macklin	Neary	Ostrom	Rodosovich	Swenson	Wejcman	
Mahon	Nelson	Ozment	Rukavina	Tomassoni	Welle	

Those who voted in the negative were:

Asch Stanius

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

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1311:

Trimble, Kahn and Hausman.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Solberg requested immediate consideration of S. F. Nos. 760 and 811.

S. F. No. 760 was reported to the House.

Wolf and Anderson, I., moved to amend S. F. No. 760, as follows:

Page 1, line 11, delete everything after "(a)"

Page 1, delete lines 12 to 15

Page 1, line 16, delete "(b)"

Page 1, line 22, delete "(c)" and insert "(b)"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Jennings; Koppendrayser; Kalis; Olson, K.; Lasley and Hugoson moved to amend S. F. No. 760, as amended, as follows:

Page 2, after line 1, insert:

"Sec. 2. [115A.542] [COMPOSTING PROJECTS.]

The director of the office of waste management shall award grants to optimize operations at mixed municipal solid waste composting facilities owned by multi-county project boards. Before awarding a grant under this section, the

directors of the offices of waste management and the pollution control agency must approve a facility optimization plan submitted by the multi-county project board. The plan must include a financial and technical feasibility analysis.

Sec. 3. [APPROPRIATION.]

\$1,500,000 in the first year of the biennium ending June 30, 1995, is appropriated from the general fund to the office of waste management for grants under section 1. Any unencumbered balance remaining after the first year shall be available in the second year of the biennium."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 760, A bill for an act relating to natural resources; granting power to the commissioner of natural resources to give nominal gifts, acknowledge contributions, and sell advertising; appropriating money; amending Minnesota Statutes 1992, section 84.027, by adding a subdivision.

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

Those who voted in the negative were:

Molnau

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

The Speaker called Bauerly to the Chair.

S. F. No. 811 was reported to the House.

Lasley moved to amend S. F. No. 811, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [PURPOSE; STUDY.]

The commissioner of transportation, in consultation with the metropolitan council, regional transit board, and metropolitan transit commission, shall conduct a feasibility study analyzing the potential for implementation of a high speed bus service in the metropolitan area. A metropolitan area high speed bus service consists of, but is not limited to, an integrated system of exclusive bus only or high occupancy vehicle lanes on freeways and other arterial routes, bus timed transfer stations, circulator and feeder bus services, park-and-ride and drop-and-ride facilities, and use of advanced transit technologies, such as traffic signal preemption. The study will analyze:

- (1) the experiences of other metropolitan areas in the United States that have implemented high speed bus services;
- (2) the feasibility of implementing a high speed bus service in the Minneapolis-St. Paul metropolitan statistical area within Minnesota as defined by the United States Department of Commerce;
- (3) the potential costs of implementing a high speed bus service;
- (4) the comparative costs and benefits of a high speed bus service and other transit modes, including light rail transit;
- (5) the potential use of advanced technologies for improving vehicle operations and providing route and schedule information;
- (6) the potential use of dual-mode buses and transit vehicles which use other alternative forms of energy;
- (7) the compatibility of a high speed bus service with the metropolitan council's transportation system plan for the region; and
- (8) transit service and facilities improvements implemented in the I-35W corridor.

The study required under this act shall not delay implementation of transit service and facilities improvements planned by the commissioner, the regional transit board, the metropolitan transit commission, and other members of the ad hoc transit committee known as "team transit."

The commissioner shall submit a written report to the legislature no later than February 15, 1994.

Sec. 2. [APPROPRIATION.]

\$50,000 is appropriated from the general fund to the commissioner of transportation for the purposes of this act."

A roll call was requested and properly seconded.

The question was taken on the Lasley amendment and the roll was called. There were 109 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Bertram	Carlson	Dauner	Dempsey	Greenfield	Haukoos
Asch	Bettermann	Carruthers	Davids	Dorn	Greiling	Hausman
Battaglia	Blatz	Clark	Dawkins	Frerichs	Gruenes	Holsten
Bauerly	Brown, C.	Commers	Dehler	Girard	Gutknecht	Hugoson
Beard	Brown, K.	Cooper	Delmont	Goodno	Hasskamp	Huntley

Jacobs	Krinkie	McGuire	Orfield	Rice	Sviggum	Wejcman
Jefferson	Krueger	Milbert	Osthoff	Rodosovich	Swenson	Welle
Johnson, A.	Lasley	Morrison	Ostrom	Rukavina	Tompkins	Wenzel
Johnson, R.	Leppik	Mosel	Ozment	Sarna	Trimble	Winter
Johnson, V.	Limmer	Munger	Pawlenty	Sekhon	Tunheim	Wolf
Kahn	Lindner	Murphy	Pelowski	Simoneau	Van Dellen	Worke
Kalis	Lourey	Neary	Perlt	Skoglund	Vellenga	Workman
Kelley	Luther	Olson, K.	Peterson	Smith	Vickerman	Spk. Long
Kinkel	Lynch	Olson, M.	Pugh	Solberg	Wagenius	
Klinzing	Mariani	Onnen	Reding	Stanius	Waltman	
Koppendrayar	McCollum	Orenstein	Rest	Steensma	Weaver	

Those who voted in the negative were:

Abrams	Erhardt	Jaros	Macklin	Nelson	Pauly
Anderson, I.	Evans	Kelso	Mahon	Ness	Rhodes
Bergson	Garcia	Knickerbocker	Molnau	Opatz	Tomassoni

The motion prevailed and the amendment was adopted.

S. F. No. 811, A bill for an act relating to transportation; providing for a metropolitan area high speed bus study; appropriating money.

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

The question was taken on the passage of the bill and the roll was called. There were 115 yeas and 13 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dehler	Goodno	Haukoos	Limmer	Nelson	Sviggum	Waltman
Frerichs	Gruenes	Krinkie	Lindner	Olson, M.	Tompkins	

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

Anderson, I., moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

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

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1387, A bill for an act relating to employment; requiring Occupational Safety and Health Act compliance by certain independent contractors; requiring certain studies and reports on independent contractors; proposing coding for new law in Minnesota Statutes, chapter 182.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1311, A bill for an act relating to local government; providing for the continuation of the Mississippi River parkway commission; amending Minnesota Statutes 1992, section 161.1419, subdivision 8.

The Senate has appointed as such committee:

Messrs. Metzen, Stumpf and Laidig.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1658, A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

The Senate has appointed as such committee:

Messrs. Morse, Riveness and Stumpf.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 760, A bill for an act relating to natural resources; granting power to the commissioner of natural resources to give nominal gifts, acknowledge contributions, and sell advertising; appropriating money; amending Minnesota Statutes 1992, section 84.027, by adding a subdivision.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Price, Morse and Merriam.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVER, Secretary of the Senate

Wolf moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 760. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 760:

Wolf; Anderson, I., and Jennings.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1245

A bill for an act relating to data practices; providing for the collection, classification, and dissemination of data; proposing classifications of data as not public; classifying certain licensing data, educational data, security service data, motor carrier operating data, retirement data and other forms of data; amending Minnesota Statutes 1992, sections 13.32, subdivisions 1, 3, and 6; 13.41, subdivision 4; 13.43, subdivision 2; 13.46, subdivisions 1, 2, and 4; 13.643; 13.692; 13.72, by adding a subdivision; 13.792; 13.82, subdivisions 4, 6, and 10; 13.99, subdivision 24, and by adding subdivisions; 115A.93, by adding a subdivision; 144.335, subdivision 3a, and by adding a subdivision; 151.06, by adding a subdivision; 169.09, subdivisions 7 and 13; 245A.04, subdivisions 3 and 3a; 260.161, subdivisions 1 and 3; 270B.14, subdivision 1, and by adding a subdivision; 299L.03, by adding a subdivision; and 626.556, subdivisions 11 and 11c; proposing coding for new law in Minnesota Statutes, chapters 6; 13; and 144; repealing Minnesota Statutes 1992, sections 13.644; and 13.82, subdivision 5b.

May 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1245, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1245 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [6.715] [CLASSIFICATION OF STATE AUDITOR'S DATA.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, "audit" means an examination, financial audit, compliance audit, or investigation performed by the state auditor.

(b) The definitions in section 13.02 apply to this section.

Subd. 2. [CLASSIFICATION.] Data relating to an audit are protected nonpublic data or confidential data on individuals, until the final report of the audit has been published or the audit is no longer being actively pursued. Data that support the conclusions of the report and that the state auditor reasonably believes will result in litigation are protected nonpublic data or confidential data on individuals, until the litigation has been completed or is no longer being actively pursued. Data on individuals that could reasonably be used to determine the identity of an individual supplying data for an audit are private if the data supplied by the individual were needed for an audit and the individual would not have provided the data to the state auditor without an assurance that the individual's identity would remain private, or the state auditor reasonably believes that the subject would not have provided the data. Data that could reasonably be used to determine the identity of an individual supplying data pursuant to section 609.456 are private.

Subd. 3. [LAW ENFORCEMENT.] Notwithstanding any provision to the contrary in subdivision 2, the state auditor may share data relating to an audit with appropriate local law enforcement agencies.

Sec. 2. Minnesota Statutes 1992, section 13.32, subdivision 1, is amended to read:

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

(a) "Educational data" means data on individuals maintained by a public educational agency or institution or by a person acting for the agency or institution which relates to a student.

Records of instructional personnel which are in the sole possession of the maker thereof and are not accessible or revealed to any other individual except a substitute teacher, and are destroyed at the end of the school year, shall not be deemed to be government data.

Records of a law enforcement unit of a public educational agency or institution which are maintained apart from education data and are maintained solely for law enforcement purposes, and are not disclosed to individuals other than law enforcement officials of the jurisdiction are ~~confidential not educational data~~; provided, that education records maintained by the educational agency or institution are not disclosed to the personnel of the law enforcement unit. The University of Minnesota police department is a law enforcement agency for purposes of section 13.82 and other sections of Minnesota Statutes dealing with law enforcement records. Records of organizations providing security services to a public educational agency or institution must be administered consistent with section 13.861.

Records relating to a student who is employed by a public educational agency or institution which are made and maintained in the normal course of business, relate exclusively to the individual in that individual's capacity as an employee, and are not available for use for any other purpose are classified pursuant to section 13.43.

(b) "Student" means an individual currently or formerly enrolled or registered, applicants for enrollment or registration at a public educational agency or institution, or individuals who receive shared time educational services from a public agency or institution.

(c) "Substitute teacher" means an individual who performs on a temporary basis the duties of the individual who made the record, but does not include an individual who permanently succeeds to the position of the maker of the record.

Sec. 3. Minnesota Statutes 1992, 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 34, section 99.36 which are in effect on July 1, ~~1989~~ 1993;

(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 34, sections 99.31, 99.32, 99.33, 99.34, and 99.35 which are in effect on July 1, ~~1989~~ 1993; 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;

(g) When disclosure is required for institutions that participate in a program under title IV of the Higher Education Act, United States Code, title 20, chapter 1092, in effect on July 1, 1993; or

(h) To the appropriate school district officials to the extent necessary under subdivision 6, annually to indicate the extent and content of remedial instruction, including the results of assessment testing and academic performance at a post-secondary institution during the previous academic year by a student who graduated from a Minnesota school district within two years before receiving the remedial instruction.

Sec. 4. Minnesota Statutes 1992, section 13.32, subdivision 6, is amended to read:

Subd. 6. [ADMISSIONS FORMS; REMEDIAL INSTRUCTION.] (a) Minnesota post-secondary education institutions, for purposes of reporting and research, may collect on the 1986-1987 admissions form, and disseminate to any public educational agency or institution the following data on individuals: student sex, ethnic background, age, and disabilities. The data shall not be required of any individual and shall not be used for purposes of determining the person's admission to an institution.

(b) A school district that receives information under subdivision 3, paragraph (h) from a post-secondary institution about an identifiable student shall maintain the data as educational data and use that data to conduct studies to improve instruction. Public post-secondary systems annually shall provide summary data to the department of education indicating the extent and content of the remedial instruction received in each system during the prior academic year by, and the results of assessment testing and the academic performance of, students who graduated from a Minnesota school district within two years before receiving the remedial instruction. The department shall evaluate the data and annually report its findings to the education committees of the legislature.

(c) This section supersedes any inconsistent provision of law.

Sec. 5. Minnesota Statutes 1992, section 13.41, subdivision 4, is amended to read:

Subd. 4. [PUBLIC DATA.] Licensing agency minutes, application data on licensees, orders for hearing, findings of fact, conclusions of law and specification of the final disciplinary action contained in the record of the disciplinary action are classified as public, pursuant to section 13.02, subdivision 15. The entire record concerning the disciplinary proceeding is public data pursuant to section 13.02, subdivision 15, in those instances where there is a public hearing concerning the disciplinary action. If the licensee and the licensing agency agree to resolve a complaint without a hearing, the agreement and the specific reasons for the agreement are public data. The license numbers, the license status, and continuing education records issued or maintained by the board of peace officer standards and training are classified as public data, pursuant to section 13.02, subdivision 15.

Sec. 6. Minnesota Statutes 1992, 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 existence and status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body; the terms of any agreement settling ~~administrative or judicial proceedings~~ any dispute arising out of the employment relationship; 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 the possibility of any later proceedings or court proceedings. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement. Final disposition includes a resignation by an individual when the resignation occurs after the final decision of the state agency, statewide system, political subdivision, or arbitrator.

(c) The state agency, statewide system, or political subdivision may display a photograph of a current or former employee to a prospective witness as part of the state agency's, statewide system's, or political subdivision's investigation of any complaint or charge against the employee.

Sec. 7. Minnesota Statutes 1992, section 13.43, is amended by adding a subdivision to read:

Subd. 8. [HARASSMENT DATA.] When allegations of sexual or other types of harassment are made against an employee, the employee does not have access to data that would identify the complainant or other witnesses if the responsible authority determines that the employee's access to that data would:

- (1) threaten the personal safety of the complainant or a witness; or
- (2) subject the complainant or witness to harassment.

If a disciplinary proceeding is initiated against the employee, data on the complainant or witness shall be available to the employee as may be necessary for the employee to prepare for the proceeding.

Sec. 8. Minnesota Statutes 1992, section 13.46, subdivision 1, is amended to read:

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

(a) "Individual" means an individual pursuant to section 13.02, subdivision 8, but does not include a vendor of services.

(b) "Program" includes all programs for which authority is vested in a component of the welfare system pursuant to statute or federal law, including, but not limited to, aid to families with dependent children, medical assistance, general assistance, work readiness, and general assistance medical care.

(c) "Welfare system" includes the department of human services, county welfare boards, county welfare agencies, human services boards, community mental health center boards, state hospitals, state nursing homes, the ombudsman for mental health and mental retardation, and persons, agencies, institutions, organizations, and other entities under contract to any of the above agencies to the extent specified in the contract.

(d) "Mental health data" means data on individual clients and patients of community mental health centers, established under section 245.62, mental health divisions of counties and other providers under contract to deliver mental health services, or the ombudsman for mental health and mental retardation.

(e) "Fugitive felon" means a person who has been convicted of a felony and who has escaped from confinement or violated the terms of probation or parole for that offense.

Sec. 9. Minnesota Statutes 1992, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

- (1) pursuant to section 13.05;
- (2) pursuant to court order;
- (3) pursuant to a statute specifically authorizing access to the private data;
- (4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;
- (5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;
- (6) to administer federal funds or programs;
- (7) between personnel of the welfare system working in the same program;
- (8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names and social security numbers, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, and the income tax;
- (9) to the Minnesota department of jobs and training for the purpose of monitoring the eligibility of the data subject for unemployment compensation, for any employment or training program administered, supervised, or certified by that agency, or for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, and to verify receipt of energy assistance for the telephone assistance plan;
- (10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;
- (11) data maintained by residential facilities as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state pursuant to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;
- (12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person; or
- (13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education coordinating board to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);
- (14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;
- (15) the current address of a recipient of aid to families with dependent children, medical assistance, general assistance, work readiness, or general assistance medical care may be disclosed to law enforcement officers who provide the name and social security number of the recipient and satisfactorily demonstrate that: (i) the recipient is a fugitive felon, including the grounds for this determination; (ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and (iii) the request is made in writing and in the proper exercise of those duties; or
- (16) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the food stamp act, in accordance with Code of Federal Regulations, title 7, section 272.1(c).

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed in accordance with the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15) or (16), or paragraph (b) are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 10. Minnesota Statutes 1992, section 13.46, subdivision 4, is amended to read:

Subd. 4. [LICENSING DATA.] (a) As used in this subdivision:

(1) "licensing data" means all data collected, maintained, used, or disseminated by the welfare system pertaining to persons licensed or registered or who apply for licensure or registration or who formerly were licensed or registered under the authority of the commissioner of human services;

(2) "client" means a person who is receiving services from a licensee or from an applicant for licensure; and

(3) "personal and personal financial data" means social security numbers, identity of and letters of reference, insurance information, reports from the bureau of criminal apprehension, health examination reports, and social/home studies.

(b) Except as provided in paragraph (c), the following data on current and former licensees are public: name, address, telephone number of licensees, licensed capacity, type of client preferred, variances granted, type of dwelling, name and relationship of other family members, previous license history, class of license, and the existence and status of complaints. When disciplinary action has been taken against a licensee or the complaint is resolved, the following data are public: the substance of the complaint, the findings of the investigation of the complaint, the record of informal resolution of a licensing violation, orders of hearing, findings of fact, conclusions of law, and specifications of the final disciplinary action contained in the record of disciplinary action.

The following data on persons licensed under section 245A.04 to provide family day care for children, child care center services, foster care for children in the provider's home, or foster care or day care services for adults in the provider's home, are public: the nature of any disqualification set aside under section 245A.04, subdivision 3b, and the reasons for setting aside the disqualification; and the reasons for granting any variance under section 245A.04, subdivision 9.

(c) The following are private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9: personal and personal financial data on family day care program and family foster care program applicants and licensees and their family members who provide services under the license.

(d) The following are private data on individuals: the identity of persons who have made reports concerning licensees or applicants that appear in inactive investigative data, and the records of clients or employees of the licensee or applicant for licensure whose records are received by the licensing agency for purposes of review or in anticipation of a contested matter. The names of reporters under sections 626.556 and 626.557 may be disclosed only as provided in section 626.556, subdivision 11, or 626.557, subdivision 12.

(e) Data classified as private, confidential, nonpublic, or protected nonpublic under this subdivision become public data if submitted to a court or administrative law judge as part of a disciplinary proceeding in which there is a public hearing concerning the disciplinary action.

(f) Data generated in the course of licensing investigations that relate to an alleged violation of law are investigative data under subdivision 3.

(g) Data that are not public data collected, maintained, used, or disseminated under this subdivision that relate to or are derived from a report as defined in section 626.556, subdivision 2, are subject to the destruction provisions of section 626.556, subdivision 11.

Sec. 11. [13.63] [MINNEAPOLIS EMPLOYEES RETIREMENT FUND DATA.]

Subdivision 1. [BENEFICIARY AND SURVIVOR DATA.] The following data on beneficiaries and survivors of Minneapolis employees retirement fund members are private data on individuals: home address, date of birth, direct deposit account number, and tax withholding data.

Subd. 2. [LIMITS ON DISCLOSURE.] Required disclosure of data about members, survivors, and beneficiaries is limited to name, gross pension, and type of benefit awarded.

Sec. 12. Minnesota Statutes 1992, section 13.643, is amended to read:

13.643 [DEPARTMENT OF AGRICULTURE DATA.]

Subdivision 1. [LOAN AND GRANT APPLICANT DATA.] The following data on applicants, collected by the department of agriculture in its sustainable agriculture revolving loan and grant programs under sections 17.115 and 17.116, are private or nonpublic: nonfarm income; credit history; insurance coverage; machinery and equipment list; financial information; and credit information requests.

Subd. 2. [FARM ADVOCATE DATA.] The following data supplied by farmer clients to Minnesota farm advocates and to the department of agriculture are private data on individuals: financial history, including listings of assets and debts, and personal and emotional status information.

Sec. 13. Minnesota Statutes 1992, section 13.692, is amended to read:

13.692 [DEPARTMENT OF PUBLIC SERVICE DATA.]

Subdivision 1. [TENANT.] Data collected by the department of public service that reveals the identity of a tenant who makes a complaint regarding energy efficiency standards for rental housing are private data on individuals.

Subd. 2. [UTILITY OR TELEPHONE COMPANY EMPLOYEE OR CUSTOMER.] (a) The following are private data on individuals: data collected by the department of public service or the public utilities commission, including the names or any other data that would reveal the identity of either an employee or customer of a telephone company or public utility who files a complaint or provides information regarding a violation or suspected violation by the telephone company or public utility of any federal or state law or rule; except this data may be released as needed to law enforcement authorities.

(b) The following are private data on individuals: data collected by the commission or the department of public service on individual public utility or telephone company customers or prospective customers, including copies of tax forms, needed to administer federal or state programs that provide relief from telephone company bills, public utility bills, or cold weather disconnection. The determination of eligibility of the customers or prospective customers may be released to public utilities or telephone companies to administer the programs.

Sec. 14. Minnesota Statutes 1992, section 13.72, is amended by adding a subdivision to read:

Subd. 8. [MOTOR CARRIER OPERATING DATA.] The following data submitted by Minnesota intrastate motor carriers to the department of transportation are nonpublic data: all payroll reports including wages, hours or miles worked, hours earned, employee benefit data, and terminal and route-specific operating data including percentage of revenues paid to agent operated terminals, line-haul load factors, pickup and delivery (PUD) activity, and peddle driver activity.

Sec. 15. Minnesota Statutes 1992, section 13.792, is amended to read:

13.792 [~~MINNESOTA ZOOLOGICAL GARDEN PRIVATE DONOR GIFT DATA.~~]

The following data maintained by the Minnesota zoological garden, a community college, a technical college, the University of Minnesota, a Minnesota state university, and any related entity subject to chapter 13 are classified as private or nonpublic:

(1) research information about prospects and donors gathered to aid in determining appropriateness of solicitation and level of gift request;

(2) specific data in prospect lists that would identify prospects to be solicited, dollar amounts to be requested, and name of solicitor;

(3) portions of solicitation letters and proposals that identify the prospect being solicited and the dollar amount being requested;

(4) letters, pledge cards, and other responses received from donors regarding prospective donors gifts in response to solicitations;

(5) portions of thank-you letters and other gift acknowledgment communications that would identify the name of the donor and the specific amount of the gift, pledge, or pledge payment; ~~and~~

(6) donor financial or estate planning information, or portions of memoranda, letters, or other documents commenting on any donor's financial circumstances; and

(7) data detailing dates of gifts, payment schedule of gifts, form of gifts, and specific gift amounts made by donors ~~to the Minnesota zoo.~~

Names of donors and gift ranges are public data.

Sec. 16. Minnesota Statutes 1992, section 13.82, subdivision 4, is amended to read:

Subd. 4. [RESPONSE OR INCIDENT DATA.] The following data created or collected by law enforcement agencies which documents the agency's response to a request for service including, but not limited to, responses to traffic accidents, or which describes actions taken by the agency on its own initiative shall be public government data:

(a) date, time and place of the action;

(b) agencies, units of agencies and individual agency personnel participating in the action unless the identities of agency personnel qualify for protection under subdivision 10;

(c) any resistance encountered by the agency;

(d) any pursuit engaged in by the agency;

(e) whether any weapons were used by the agency or other individuals;

(f) a brief factual reconstruction of events associated with the action;

(g) names and addresses of witnesses to the agency action or the incident unless the identity of any witness qualifies for protection under subdivision 10;

(h) names and addresses of any victims or casualties unless the identities of those individuals qualify for protection under subdivision 10;

(i) the name and location of the health care facility to which victims or casualties were taken;

(j) response or incident report number; ~~and~~

(k) dates of birth of the parties involved in a traffic accident; and

(l) whether the parties involved were wearing seat belts.

Sec. 17. Minnesota Statutes 1992, section 13.82, subdivision 6, is amended to read:

Subd. 6. [ACCESS TO DATA FOR CRIME VICTIMS.] On receipt of a written request, the prosecuting authority shall release investigative data collected by a law enforcement agency to the victim of a criminal act or alleged

criminal act or to the victim's legal representative upon written request unless the prosecuting authority reasonably believes:

- (a) That the release of that data will interfere with the investigation; or
- (b) That the request is prompted by a desire on the part of the requester to engage in unlawful activities.

Sec. 18. Minnesota Statutes 1992, section 13.82, subdivision 10, is amended to read:

Subd. 10. [PROTECTION OF IDENTITIES.] A law enforcement agency or a law enforcement dispatching agency working under direction of 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 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;
- (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;
- (e) when access to the data would reveal the identity of a deceased person whose body was unlawfully removed from a cemetery in which it was interred; or
- (f) when access to the data would reveal the identity of a person who placed a call to a 911 system or the identity or telephone number of a service subscriber whose phone is used to place a call to the 911 system and: (1) the agency determines that revealing the identity may threaten the personal safety or property of any person; or (2) the object of the call is to receive help in a mental health emergency. For the purposes of this paragraph, a voice recording of a call placed to the 911 system is deemed to reveal the identity of the caller. Data concerning individuals whose identities are protected by this subdivision are private data about those individuals. Law enforcement agencies shall establish procedures to acquire the data and make the decisions necessary to protect the identity of individuals described in clause (d).

Sec. 19. [13.861] [SECURITY SERVICE DATA.]

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

(a) "Security service" means an organization that provides security services to a state agency or political subdivision as a part of the governmental entity or under contract to it. Security service does not include a law enforcement agency.

(b) "Security service data" means all data collected, created, or maintained by a security service for the purpose of providing security services.

Subd. 2. [CLASSIFICATION.] Security service data that are similar to the data described as request for service data and response or incident data in section 13.82, subdivisions 3 and 4, are public. If personnel of a security service make a citizen's arrest then any security service data that are similar to the data described as arrest data in section 13.82, subdivision 2, are public. If a security service participates in but does not make an arrest it shall, upon request, provide data that identify the arresting law enforcement agency. All other security service data are security information pursuant to section 13.37.

Sec. 20. Minnesota Statutes 1992, section 13.99, is amended by adding a subdivision to read:

Subd. 3a. [STATE AUDITOR DATA.] Data relating to an audit under chapter 6 are classified under section 6.715.

Sec. 21. Minnesota Statutes 1992, section 13.99, subdivision 24, is amended to read:

Subd. 24. [SOLID WASTE FACILITY RECORDS.] (a) Records of solid waste facilities received, inspected, or copied by a county pursuant to section 115A.882 are classified pursuant to section 115A.882, subdivision 3.

(b) Customer lists provided to counties or cities by solid waste collectors are classified under section 115A.93.

Sec. 22. Minnesota Statutes 1992, section 13.99, is amended by adding a subdivision to read:

Subd. 92a. [GAMBLING ENFORCEMENT INVESTIGATIVE DATA.] Data provided to the director of the division of gambling enforcement by a governmental entity located outside Minnesota for use in an authorized investigation, audit, or background check are governed by section 299L.03, subdivision 11.

Sec. 23. Minnesota Statutes 1992, section 115A.93, is amended by adding a subdivision to read:

Subd. 5. [CUSTOMER DATA.] Customer lists provided to counties or cities by solid waste collectors are private data on individuals as defined in section 13.02, subdivision 12, with regard to data on individuals, or nonpublic data as defined in section 13.02, subdivision 9, with regard to data not on individuals.

Sec. 24. Minnesota Statutes 1992, section 144.335, subdivision 3a, is amended to read:

Subd. 3a. [PATIENT CONSENT TO RELEASE OF RECORDS; LIABILITY.] (a) A provider, or a person who receives health records from a provider, may not release a patient's health records to a person without a signed and dated consent from the patient or the patient's legally authorized representative authorizing the release, unless the release is specifically authorized by law. Except as provided in paragraph (c), a consent is valid for one year or for a lesser period specified in the consent or for a different period provided by law.

(b) This subdivision does not prohibit the release of health records for a medical emergency when the provider is unable to obtain the patient's consent due to the patient's condition or the nature of the medical emergency.

(c) Notwithstanding paragraph (a), if a patient explicitly gives informed consent to the release of health records for the purposes and pursuant to the restrictions in clauses (1) and (2), the consent does not expire after one year for:

(1) the release of health records to a provider who is being advised or consulted with in connection with the current treatment of the patient;

(2) the release of health records to an accident and health insurer, health service plan corporation, health maintenance organization, or third-party administrator for purposes of payment of claims, fraud investigation, or quality of care review and studies, provided that:

(i) the use or release of the records complies with sections 72A.49 to 72A.505;

(ii) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited; and

(iii) the recipient establishes adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient.

(d) Until June 1, 1994, paragraph (a) does not prohibit the release of health records to qualified personnel solely for purposes of medical or scientific research, if the patient has not objected to a release for research purposes and the provider who releases the records makes a reasonable effort to determine that:

(i) the use or disclosure does not violate any limitations under which the record was collected;

(ii) the use or disclosure in individually identifiable form is necessary to accomplish the research or statistical purpose for which the use or disclosure is to be made;

(iii) the recipient has established and maintains adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient; and

(iv) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited.

(e) A person who negligently or intentionally releases a health record in violation of this subdivision, or who forges a signature on a consent form, or who obtains under false pretenses the consent form or health records of another person, or who, without the person's consent, alters a consent form, is liable to the patient for compensatory damages caused by an unauthorized release, plus costs and reasonable attorney's fees.

(f) Upon the written request of a spouse, parent, child, or sibling of a patient being evaluated for or diagnosed with mental illness, a provider shall inquire of a patient whether the patient wishes to authorize a specific individual to receive information regarding the patient's current and proposed course of treatment. If the patient so authorizes, the provider shall communicate to the designated individual the patient's current and proposed course of treatment. Paragraph (a) applies to consents given under this paragraph.

Sec. 25. Minnesota Statutes 1992, section 144.335, is amended by adding a subdivision to read:

Subd. 3b. [INDEPENDENT MEDICAL EXAMINATION.] This section applies to the subject and provider of an independent medical examination requested by or paid for by a third party. Notwithstanding subdivision 3a, a provider may release health records created as part of an independent medical examination to the third party who requested or paid for the examination.

Sec. 26. [144.6581] [DETERMINATION OF WHETHER DATA IDENTIFIES INDIVIDUALS.]

The commissioner of health may: (1) withhold access to health or epidemiologic data if the commissioner determines the data are data on an individual, as defined in section 13.02, subdivision 5; or (2) grant access to health or epidemiologic data, if the commissioner determines the data are summary data as defined in section 13.02, subdivision 19. In the exercise of this discretion, the commissioner shall consider whether the data requested, alone or in combination, may constitute information from which an individual subject of data may be identified using epidemiologic methods. In making this determination, the commissioner shall consider disease incidence, associated risk factors for illness, and similar factors unique to the data by which it could be linked to a specific subject of the data. This discretion is limited to health or epidemiologic data maintained by the commissioner of health or a board of health, as defined in section 145A.02.

Sec. 27. Minnesota Statutes 1992, section 169.09, subdivision 7, is amended to read:

Subd. 7. [ACCIDENT REPORT TO COMMISSIONER.] The driver of a vehicle involved in an accident resulting in bodily injury to or death of any person or total property damage to an apparent extent of \$500 or more, shall forward a written report of the accident to the commissioner of public safety within ten days thereof. On the required report, the driver shall provide the commissioner with the name and policy number of the insurer providing vehicle liability coverage at the time of the accident. On determining that the original report of any driver of a vehicle involved in an accident of which report must be made as provided in this section is insufficient, the commissioner of public safety may require the driver to file supplementary reports.

Sec. 28. Minnesota Statutes 1992, section 169.09, subdivision 13, is amended to read:

Subd. 13. [ACCIDENT REPORTS CONFIDENTIAL; FEE, PENALTY.] (a) All written reports and supplemental reports required under this section to be provided to the department of public safety shall be without prejudice to the individual so reporting and shall be for the confidential use of the department commissioner of public safety and other appropriate state, federal, county, and municipal governmental agencies for accident analysis purposes, except that the department:

(1) the commissioner of public safety or any law enforcement department of any municipality or county in this state agency shall, upon written request of any person involved in an accident or upon written request of the representative of the person's estate, surviving spouse, or one or more surviving next of kin, or a trustee appointed pursuant to section 573.02, disclose to the requester, the requester's legal counsel or a representative of the requester's insurer any information contained therein except the parties' version of the accident as set out in the written report filed by the parties or may disclose identity of a person involved in an accident when the identity is not otherwise known or when the person denies presence at the accident. No report shall be used as evidence in any trial, civil or criminal, arising out of an accident, except that the department of public safety shall furnish upon the demand of any person who has, or claims to have, made a report, or, upon demand of any court, a certificate showing that a specified accident report

~~has or has not been made to the department of public safety solely to prove a compliance or a failure to comply with the requirements that the report be made to the department of public safety. Disclosing any information contained in any accident report, except as provided herein, is unlawful and a misdemeanor.~~

~~Nothing herein shall be construed to prevent any person who has made a report pursuant to this chapter from providing information to any persons involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the person's knowledge. It is intended by this subdivision to render privileged the reports required but it is not intended to prohibit proof of the facts to which the reports relate. Response or incident data may be released pursuant to section 13.82, subdivision 4.~~

~~When these reports are released for accident analysis purposes the identity of any involved person shall not be revealed. Data contained in these reports shall only be used for accident analysis purposes, except as otherwise provided by this subdivision. Accident reports and data contained therein which may be in the possession or control of departments or agencies other than the department of public safety shall not be discoverable under any provision of law or rule of court.~~

~~Notwithstanding other provisions of this subdivision to the contrary, the report required under subdivision 8;~~

~~(2) the commissioner of public safety shall, upon written request, provide the driver filing a report under subdivision 7 with a copy of the report filed by the driver;~~

~~(3) the commissioner of public safety may verify with insurance companies vehicle insurance information to enforce sections 65B.48, 169.792, 169.793, 169.796, and 169.797;~~

~~(4) the commissioner of public safety shall may give to the commissioner of transportation the name and address of a carrier subject to section 221.031 that is named in an accident report filed under subdivision 7 or 8. The commissioner of transportation may not release the name and address to any person. The commissioner shall use this information to enforce for use in enforcing accident report requirements under chapter 221. In addition, and~~

~~(5) the commissioner of public safety may give to the United States Department of Transportation commercial vehicle accident information in connection with federal grant programs relating to safety.~~

~~The department may charge authorized persons a \$5 fee for a copy of an accident report.~~

~~(b) Accident reports and data contained in the reports shall not be discoverable under any provision of law or rule of court. No report shall be used as evidence in any trial, civil or criminal, arising out of an accident, except that the commissioner of public safety shall furnish upon the demand of any person who has, or claims to have, made a report, or, upon demand of any court, a certificate showing that a specified accident report has or has not been made to the commissioner solely to prove compliance or failure to comply with the requirements that the report be made to the commissioner.~~

~~(c) Nothing in this subdivision prevents any person who has made a report pursuant to this section from providing information to any persons involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the person's knowledge. It is intended by this subdivision to render privileged the reports required, but it is not intended to prohibit proof of the facts to which the reports relate.~~

~~(d) Disclosing any information contained in any accident report, except as provided in this subdivision, section 13.82, subdivision 3 or 4, or other statutes, is a misdemeanor.~~

~~(e) The commissioner of public safety may charge authorized persons a \$5 fee for a copy of an accident report.~~

~~(f) The commissioner and law enforcement agencies may charge commercial users who request access to response or incident data relating to accidents a fee not to exceed 50 cents per report. "Commercial user" is a user who in one location requests access to data in more than five accident reports per month, unless the user establishes that access is not for a commercial purpose. Money collected by the commissioner under this paragraph is appropriated to the commissioner.~~

Sec. 29. Minnesota Statutes 1992, section 245A.04, subdivision 3, is amended to read:

Subd. 3. [STUDY OF THE APPLICANT.] (a) Before the commissioner issues a license, the commissioner shall conduct a study of the individuals specified in clauses (1) to (4) according to rules of the commissioner. The applicant,

license holder, the bureau of criminal apprehension, and county agencies, after written notice to the individual who is the subject of the study, shall help with the study by giving the commissioner criminal conviction data and reports about abuse or neglect of adults in licensed programs substantiated under section 626.557 and the maltreatment of minors in licensed programs substantiated under section 626.556. The individuals to be studied shall include:

- (1) the applicant;
- (2) persons over the age of 13 living in the household where the licensed program will be provided;
- (3) current employees or contractors of the applicant who will have direct contact with persons served by the program; and
- (4) volunteers who have direct contact with persons served by the program to provide program services, if the contact is not directly supervised by the individuals listed in clause (1) or (3).

The juvenile courts shall also help with the study by giving the commissioner existing juvenile court records on individuals described in clause (2) relating to delinquency proceedings held within either the five years immediately preceding the application or the five years immediately preceding the individual's 18th birthday, whichever time period is longer. The commissioner shall destroy juvenile records obtained pursuant to this subdivision when the subject of the records reaches age 23.

For purposes of this subdivision, "direct contact" means providing face-to-face care, training, supervision, counseling, consultation, or medication assistance to persons served by a program. For purposes of this subdivision, "directly supervised" means an individual listed in clause (1) or (3) is within sight or hearing of a volunteer to the extent that the individual listed in clause (1) or (3) is capable at all times of intervening to protect the health and safety of the persons served by the program who have direct contact with the volunteer.

A study of an individual in clauses (1) to (4) shall be conducted on at least an annual basis. No applicant, license holder, or individual who is the subject of the study shall pay any fees required to conduct the study.

(b) The individual who is the subject of the study must provide the applicant or license holder with sufficient information to ensure an accurate study including the individual's first, middle, and last name; home address, city, county, and state of residence; zip code; sex; date of birth; and driver's license number. The applicant or license holder shall provide this information about an individual in paragraph (a), clauses (1) to (4), on forms prescribed by the commissioner. The commissioner may request additional information of the individual, which shall be optional for the individual to provide, such as the individual's social security number or race.

(c) Except for child foster care, adult foster care, and family day care homes, a study must include information from the county agency's record of substantiated abuse or neglect of adults in licensed programs, and the maltreatment of minors in licensed programs, information from juvenile courts as required in paragraph (a) for persons listed in paragraph (a), clause (2), and information from the bureau of criminal apprehension. For child foster care, adult foster care, and family day care homes, the study must include information from the county agency's record of substantiated abuse or neglect of adults, and the maltreatment of minors, information from juvenile courts as required in paragraph (a) for persons listed in paragraph (a), clause (2), and information from the bureau of criminal apprehension. The commissioner may also review arrest and investigative information from the bureau of criminal apprehension, a county attorney, county sheriff, county agency, local chief of police, other states, the courts, or a national criminal record repository if the commissioner has reasonable cause to believe the information is pertinent to the disqualification of an individual listed in paragraph (a), clauses (1) to (4).

(d) An applicant's or license holder's failure or refusal to cooperate with the commissioner is reasonable cause to deny an application or immediately suspend, suspend, or revoke a license. Failure or refusal of an individual to cooperate with the study is just cause for denying or terminating employment of the individual if the individual's failure or refusal to cooperate could cause the applicant's application to be denied or the license holder's license to be immediately suspended, suspended, or revoked.

(e) The commissioner shall not consider an application to be complete until all of the information required to be provided under this subdivision has been received.

(f) No person in paragraph (a), clause (1), (2), (3), or (4) who is disqualified as a result of this section may be retained by the agency in a position involving direct contact with persons served by the program.

(g) Termination of persons in paragraph (a), clause (1), (2), (3), or (4) made in good faith reliance on a notice of disqualification provided by the commissioner shall not subject the applicant or license holder to civil liability.

(h) The commissioner may establish records to fulfill the requirements of this section. ~~The information contained in the records is only available to the commissioner for the purpose authorized in this section.~~

(i) The commissioner may not disqualify an individual subject to a study under this section because that person has, or has had, a mental illness as defined in section 245.462, subdivision 20.

Sec. 30. Minnesota Statutes 1992, section 260.161, subdivision 1, is amended to read:

Subdivision 1. [RECORDS REQUIRED TO BE KEPT.] (a) The juvenile court judge shall keep such minutes and in such manner as the court deems necessary and proper. Except as provided in paragraph (b), 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 another juvenile court that has jurisdiction of the juvenile, 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~~ Unless otherwise provided by law, all court 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.

(b) The court shall retain records of the court finding that a juvenile committed an act that would be a violation of, or an attempt to violate, section 609.342, 609.343, 609.344, or 609.345, until the offender reaches the age of 25. If the offender commits another violation of sections 609.342 to 609.345 as an adult, the court shall retain the juvenile records for as long as the records would have been retained if the offender had been an adult at the time of the juvenile offense. This paragraph does not apply unless the juvenile was represented by an attorney when the petition was admitted or proven.

Sec. 31. Minnesota Statutes 1992, section 260.161, subdivision 3, is amended to read:

Subd. 3. [PEACE OFFICER RECORDS OF CHILDREN.] (a) Except for records relating to an offense where proceedings are public under section 260.155, subdivision 1, peace officers' records of children who are or may be delinquent or who may be engaged in criminal acts 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 are private data but shall be disseminated: (1) by order of the juvenile court, (2) as required by section 126.036, (3) as authorized under section 13.82, subdivision 2, (4) to the child or the child's parent or guardian unless disclosure of a record would interfere with an ongoing investigation, or (5) as provided in paragraph (d). Except as provided in paragraph (c), 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. Peace officers' records containing data about children who are victims of crimes or witnesses to crimes must be administered consistent with section 13.82, subdivisions 2, 3, 4, and 10. Any person violating any of the provisions of this subdivision shall be guilty of a misdemeanor.

In the case of computerized records maintained about juveniles by peace officers, the requirement of this subdivision that records about juveniles must be kept separate from adult records does not mean that a law enforcement agency must keep its records concerning juveniles on a separate computer system. Law enforcement agencies may keep juvenile records on the same computer as adult records and may use a common index to access both juvenile and adult records so long as the agency has in place procedures that keep juvenile records in a separate place in computer storage and that comply with the special data retention and other requirements associated with protecting data on juveniles.

(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.

(c) A photograph may be taken of a child taken into custody pursuant to section 260.165, subdivision 1, clause (b), provided that the photograph must be destroyed when the child reaches the age of 19 years. The commissioner of corrections may photograph juveniles whose legal custody is transferred to the commissioner. Photographs of juveniles authorized by this paragraph may be used only for institution management purposes, case supervision by parole agents, and to assist law enforcement agencies to apprehend juvenile offenders. The commissioner shall maintain photographs of juveniles in the same manner as juvenile court records and names under this section.

(d) Traffic investigation reports are open to inspection by a person who has sustained physical harm or economic loss as a result of the traffic accident. Identifying information on juveniles who are parties to traffic accidents may be disclosed as authorized under section 13.82, subdivision 4, and accident reports required under section 169.09 may be released under section 169.09, subdivision 13, unless the information would identify a juvenile who was taken into custody or who is suspected of committing an offense that would be a crime if committed by an adult, or would associate a juvenile with the offense, and the offense is not a minor traffic offense under section 260.193.

Sec. 32. Minnesota Statutes 1992, section 270B.12, is amended by adding a subdivision to read:

Subd. 9. [COUNTY ASSESSORS.] If, as a result of an audit, the commissioner determines that a person is a Minnesota nonresident or part-year resident for income tax purposes, the commissioner may disclose the person's name, address, and social security number to the assessor of any political subdivision in the state, when there is reason to believe that the person may have claimed or received homestead property tax benefits for a corresponding assessment year in regard to property apparently located in the assessor's jurisdiction.

Sec. 33. Minnesota Statutes 1992, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. [DISCLOSURE TO COMMISSIONER OF HUMAN SERVICES.] (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the social security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.711, with those of property tax refund filers, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

Sec. 34. Minnesota Statutes 1992, section 270B.14, subdivision 8, is amended to read:

Subd. 8. [EXCHANGE BETWEEN DEPARTMENTS OF LABOR AND INDUSTRY AND REVENUE.] ~~Notwithstanding any law to the contrary, The departments of labor and industry and revenue may exchange information on a reciprocal basis. Data that may be disclosed are limited to data used in determining whether a business is an employer or a contracting agent. as follows:~~

(1) data used in determining whether a business is an employer or a contracting agent;

(2) taxpayer identity information relating to employers for purposes of supporting tax administration and chapter 176; and

(3) data to the extent provided in and for the purpose set out in section 176.181, subdivision 8.

Sec. 35. Minnesota Statutes 1992, section 270B.14, is amended by adding a subdivision to read:

Subd. 12. [DISCLOSURE TO OFFICE OF TOURISM.] The commissioner may disclose to the office of tourism in the department of trade and economic development, the name, address, standard industrial classification code, and

telephone number of a travel or tourism related business that is authorized to collect sales and use tax. The data may be used only by the office of tourism to survey travel or tourism related businesses.

Sec. 36. Minnesota Statutes 1992, section 299L.03, is amended by adding a subdivision to read:

Subd. 11. [DATA CLASSIFICATION.] Data provided to the director, by a governmental entity located outside Minnesota for use in an authorized investigation, audit, or background check, has the same data access classification or restrictions on access, for the purposes of chapter 13, that it had in the entity providing it. If the classification or restriction on access in the entity providing the data is less restrictive than the Minnesota data classification, the Minnesota classification applies.

Data classified as not public by this section are only discoverable as follows:

(1) the data are subject to discovery in a legal proceeding; and

(2) the data are discoverable in a civil or administrative proceeding if the subject matter of the proceeding is a final agency decision adverse to the party seeking discovery of the data.

Sec. 37. Minnesota Statutes 1992, section 626.556, subdivision 11, is amended to read:

Subd. 11. [RECORDS.] Except as provided in subdivisions 10b, 10d, 10g, and 11b, all records concerning individuals maintained by a local welfare agency under this section, including any written reports filed under subdivision 7, shall be private data on individuals, except insofar as copies of reports are required by subdivision 7 to be sent to the local police department or the county sheriff. Reports maintained by any police department or the county sheriff shall be private data on individuals except the reports shall be made available to the investigating, petitioning, or prosecuting authority, including county medical examiners or county coroners. Section 13.82, subdivisions 5, 5a, and 5b, apply to law enforcement data other than the reports. The welfare board shall make available to the investigating, petitioning, or prosecuting authority, including county medical examiners or county coroners, any records which contain information relating to a specific incident of neglect or abuse which is under investigation, petition, or prosecution and information relating to any prior incidents of neglect or abuse involving any of the same persons. The records shall be collected and maintained in accordance with the provisions of chapter 13. In conducting investigations and assessments pursuant to this section, the notice required by section 13.04, subdivision 2, need not be provided to a minor under the age of ten who is the alleged victim of abuse or neglect. An individual subject of a record shall have access to the record in accordance with those sections, except that the name of the reporter shall be confidential while the report is under assessment or investigation except as otherwise permitted by this subdivision. Any person conducting an investigation or assessment under this section who intentionally discloses the identity of a reporter prior to the completion of the investigation or assessment is guilty of a misdemeanor. After the assessment or investigation is completed, the name of the reporter shall be confidential. The subject of the report may compel disclosure of the name of the reporter only with the consent of the reporter or upon a written finding by the court that the report was false and that there is evidence that the report was made in bad faith. This subdivision does not alter disclosure responsibilities or obligations under the rules of criminal procedure.

Sec. 38. Minnesota Statutes 1992, section 626.556, subdivision 11c, is amended to read:

Subd. 11c. [WELFARE, COURT SERVICES AGENCY, AND SCHOOL RECORDS MAINTAINED.] Notwithstanding sections 138.163 and 138.17, records maintained or records derived from reports of abuse by local welfare agencies, court services agencies, or schools under this section shall be destroyed as provided in paragraphs (a) to (d) by the responsible authority.

(a) If upon assessment or investigation there is no determination of maltreatment or the need for child protective services, the records may be maintained for a period of four years. After the individual alleged to have maltreated a child is notified under subdivision 10f of the determinations at the conclusion of the assessment or investigation, upon that individual's request, records shall be destroyed within 30 days.

(b) All records relating to reports which, upon assessment or investigation, indicate either maltreatment or a need for child protective services shall be ~~destroyed seven~~ maintained for at least ten years after the date of the final entry in the case record.

(c) All records regarding a report of maltreatment, including any notification of intent to interview which was received by a school under subdivision 10, paragraph (d), shall be destroyed by the school when ordered to do so

by the agency conducting the assessment or investigation. The agency shall order the destruction of the notification when other records relating to the report under investigation or assessment are destroyed under this subdivision.

(d) Private or confidential data released to a court services agency under subdivision 10h must be destroyed by the court services agency when ordered to do so by the local welfare agency that released the data. The local welfare agency shall order destruction of the data when other records relating to the assessment or investigation are destroyed under this subdivision.

Sec. 39. [HENNEPIN COUNTY FOSTER CARE REVIEW TEAM; DATA ACCESS.]

The foster care policy redesign commission and the foster care review team created by the Hennepin county board of commissioners to review the foster care system shall have access to not public data as defined in Minnesota Statutes, section 13.02, subdivision 8a, as provided in this section. The commission and the team shall have access to not public data on foster care cases. Access is limited to records created, collected, or maintained by any local social services agency that provided services to a child or a child's family during the five years immediately preceding any out-of-home placement of the child and continuing throughout the period of the placement until the child was returned to the custody of a parent, adopted, or otherwise was no longer the subject of a case plan developed by a county social service agency. A county social service agency shall provide the not public data described in this section to the foster care review team or the foster care policy redesign commissioner upon request.

Not public data received by the foster care review team or the foster care policy redesign commission maintains the same classification in the possession of the team or commission as it had in the possession of the entity providing the data. Not public data received under this section shall be returned to the entity providing it upon completion of the work of the foster care policy redesign commission and the foster care review team.

Sec. 40. [JOINT PLAN TO REPORT TO SCHOOL DISTRICTS.]

Minnesota public post-secondary education systems, for the purpose of assisting school districts in developing academic standards, determining specific areas of academic deficiency within the secondary school curriculum, and improving instruction, shall by September 1, 1993, jointly develop a plan to disseminate data to Minnesota school districts indicating the extent and content of the remedial instruction received at each public post-secondary institution by, and the results of assessment testing and the academic performance of, students who graduated from a district within two years before receiving the remedial instruction. The data shall include personally identifiable information about the student to the extent necessary to accomplish the purpose of this section.

The plan shall require the data to be disseminated in a manner consistent with 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 34, sections 99.31, 99.32, 99.33, 99.34, and 99.35 which are in effect on July 1, 1993.

Sec. 41. [REPEALER.]

Minnesota Statutes 1992, section 13.644, is repealed.

Sec. 42. [EFFECTIVE DATE; APPLICATION.]

Sections 10, 21, 23, and 29 are effective the day following final enactment. Section 25 is effective the day following final enactment and applies to health records created before, on, or after that date. Nothing in section 25 creates a physician-patient relationship. Sections 8 and 9 are effective October 1, 1993.

Delete the title and insert:

"A bill for an act relating to data practices; providing for the collection, classification, and dissemination of data; proposing classifications of data as not public; classifying certain licensing data, educational data, security service data, motor carrier operating data, retirement data and other forms of data; amending Minnesota Statutes 1992, sections 13.32, subdivisions 1, 3, and 6; 13.41, subdivision 4; 13.43, subdivision 2, and by adding a subdivision; 13.46, subdivisions 1, 2, and 4; 13.643; 13.692; 13.72, by adding a subdivision; 13.792; 13.82, subdivisions 4, 6, and 10; 13.99, subdivision 24, and by adding subdivisions; 115A.93, by adding a subdivision; 144.335, subdivision 3a, and by adding a subdivision; 169.09, subdivisions 7 and 13; 245A.04, subdivision 3; 260.161, subdivisions 1 and 3; 270B.12, by adding a subdivision; 270B.14, subdivisions 1, 8, and by adding a subdivision; 299L.03, by adding a subdivision; and 626.556,

subdivisions 11 and 11c; proposing coding for new law in Minnesota Statutes, chapters 6; 13; and 144; repealing Minnesota Statutes 1992, section 13.644."

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

House Conferees: MARY JO MCGUIRE, PHIL CARRUTHERS AND BILL MACKLIN.

Senate Conferees: JANE B. RANUM, GENE MERRIAM AND DAVID L. KNUTSON.

McGuire moved that the report of the Conference Committee on H. F. No. 1245 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1245, A bill for an act relating to data practices; providing for the collection, classification, and dissemination of data; proposing classifications of data as not public; classifying certain licensing data, educational data, security service data, motor carrier operating data, retirement data and other forms of data; amending Minnesota Statutes 1992, sections 13.32, subdivisions 1, 3, and 6; 13.41, subdivision 4; 13.43, subdivision 2; 13.46, subdivisions 1, 2, and 4; 13.643; 13.692; 13.72, by adding a subdivision; 13.792; 13.82, subdivisions 4, 6, and 10; 13.99, subdivision 24, and by adding subdivisions; 115A.93, by adding a subdivision; 144.335, subdivision 3a, and by adding a subdivision; 151.06, by adding a subdivision; 169.09, subdivisions 7 and 13; 245A.04, subdivisions 3 and 3a; 260.161, subdivisions 1 and 3; 270B.14, subdivision 1, and by adding a subdivision; 299L.03, by adding a subdivision; and 626.556, subdivisions 11 and 11c; proposing coding for new law in Minnesota Statutes, chapters 6; 13; and 144; repealing Minnesota Statutes 1992, sections 13.644; and 13.82, subdivision 5b.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 31

A bill for an act relating to state government; providing for gender balance in multimember agencies; amending Minnesota Statutes 1992, section 15.0597, by adding subdivisions.

May 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 31, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 31 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 15.0597, is amended by adding a subdivision to read:

Subd. 5a. [GENDER BALANCE.] The membership of an agency whose vacancies are filled under this section must be gender balanced. The membership of a multimember advisory agency in the judicial branch, and of nonlegislator members of a multimember agency in the legislative branch must be gender balanced. In determining gender balance, ex officio membership positions must be excluded. No person of the overrepresented gender may be appointed or reappointed to a vacant agency position if after the appointment or reappointment the number of members of one gender would be greater than:

(1) one-half the membership plus one, in the case of an agency with an odd number of members; or

(2) one-half the membership, in the case of an agency with an even number of members.

If there is more than one appointing authority for an agency, the appointing authorities shall consult each other to ensure compliance with this subdivision. Appointing authorities shall also notify the commission and councils established by sections 3.922, 3.9223, 3.9225, and 3.9226. In addition, appointing authorities shall endeavor to ensure that the membership of agencies governed by this section reflect racial, ethnic, geographic, and socioeconomic diversity to the extent possible.

Sec. 2. Minnesota Statutes 1992, section 15.0597, is amended by adding a subdivision to read:

Subd. 5b. [DEVIATION.] Notwithstanding subdivision 5a, persons of an underrepresented gender may constitute less than half of the membership of an agency if the agency certifies to the secretary of state that:

(1) the agency serves the needs or addresses the concerns of a specific gender-defined population; or

(2) after a good faith effort to achieve gender balance in accordance with subdivision 5a, the appointing authority has been unable to find enough persons of the underrepresented gender who are qualified and willing to accept appointment.

The secretary of state's annual report on the open appointments act must include information on certifications under this subdivision.

This subdivision expires June 30, 1996.

Sec. 3. [TOTAL AGENCY MEMBERSHIP.]

Appointing authorities, in cooperation with one another, shall make a good faith effort to ensure that, to the greatest extent possible, the membership of all agencies, considered together, is gender and geographically balanced.

This section expires June 30, 1996.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1993, and applies to agency positions becoming vacant on or after that date. Sections

1, 2, and 3 do not require displacement of a person who is an incumbent agency member on the effective dates of those sections until the person's current term expires."

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

House Conferees: PHYLLIS KAHN, GERI EVANS AND HOWARD ORENSTEIN.

Senate Conferees: SANDRA L. PAPPAS AND JIM VICKERMAN.

Kahn moved that the report of the Conference Committee on H. F. No. 31 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 31, A bill for an act relating to state government; providing for gender balance in multimember agencies; amending Minnesota Statutes 1992, section 15.0597, by adding subdivisions.

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 78 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dawkins	Jacobs	Leppik.	Neary	Rice	Vellenga
Anderson, R.	Delmont	Jefferson	Lieder	Olson, K.	Rodosovich	Wagenius
Asch	Dorn	Jennings	Limmer	Opatz	Rukavina	Wejcman
Battaglia	Erhardt	Johnson, A.	Lourey	Orenstein	Sarna	Welle
Bauerly	Evans	Johnson, R.	Luther	Orfield	Sekhon	Wenzel
Beard	Farrell	Kahn	Mahon	Osthoff	Simoneau	Spk. Long
Bergson	Garcia	Kalis	Mariani	Perit	Skoglund	
Bertram	Goodno	Kelley	McCollum	Peterson	Solberg	
Brown, K.	Greenfield	Kelso	McGuire	Pugh	Stanius	
Carlson	Greiling	Kinkel	Milbert	Reding	Tomassoni	
Carruthers	Hasskamp	Krueger	Munger	Rest	Trimble	
Clark	Hausman	Lasley	Murphy	Rhodes	Tunheim	

Those who voted in the negative were:

Abrams	Davids	Hugoson	Lindner	Olson, E.	Seagren	Waltman
Bettermann	Dehler	Huntley	Lynch	Olson, M.	Smith	Weaver
Bishop	Dempsey	Jaros	Macklin	Onnen	Steensma	Winter
Blatz	Frerichs	Johnson, V.	Molnau	Ostrom	Sviggum	Wolf
Brown, C.	Girard	Klinzing	Morrison	Ozment	Swenson	Worke
Commers	Gruenes	Knickerbocker	Mosel	Pauly	Tompkins	Workman
Cooper	Gutknecht	Koppendrayner	Nelson	Pawlenty	Van Dellen	
Dauner	Haukoos	Krinkie	Ness	Pelowski	Vickerman	

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

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

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

S. F. No. 429.

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. FLAHAVER, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 429

A bill for an act relating to alcoholic beverages; reciprocity in interstate transportation of wine; changing definitions of licensed premises, restaurant, and wine; authorizing an investigation fee on denied licenses; disqualifying felons from licensing; revising authority for suspensions and civil penalties; making rule violations and false or incomplete statements in license applications misdemeanors; providing instructions to the revisor; penalties for importation of excess quantities; proof of age for purchase or consumption; opportunity for a hearing for license revocation or suspension; prohibiting certain transactions; authorizing the dispensing of intoxicating liquor at the Como Park lakeside pavilion; authorizing dispensing of liquor by an on-sale licensee at the National Sports Center in Blaine; authorizing the city of Apple Valley to issue on-sale licenses on zoological gardens property and to allow an on-sale license to dispense liquor on county-owned property within the city; authorizing Houston county to issue an on-sale intoxicating liquor license to establishments in Crooked Creek and Brownsville townships; authorizing the town of Schroeder in Cook county to issue an off-sale license to an exclusive liquor store; authorizing an on-sale liquor license in Dalbo township of Isanti county; authorizing Stillwater to issue an additional on-sale intoxicating liquor license to a hotel in the city; authorizing Aitkin county to issue one off-sale liquor license to a premises located in Farm Island township; authorizing Pine county to issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township; amending Minnesota Statutes 1992, sections 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.308; 340A.402; 340A.415; 340A.503, subdivision 6; 340A.703; and 340A.904, subdivision 1; Laws 1983, chapter 259, section 8; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapters 297C; and 340A; repealing Minnesota Statutes 1992, section 340A.903.

May 15, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 429, 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. 429 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 169.122, is amended by adding a subdivision to read:

Subd. 5. [EXCEPTION.] This section does not apply to the possession or consumption of alcoholic beverages by passengers in:

(1) a bus operated under a charter as defined in section 221.011, subdivision 20; or

(2) a limousine as defined in section 168.011, subdivision 35.

Sec. 2. Minnesota Statutes 1992, section 297C.07, is amended to read:

297C.07 [EXCEPTIONS.]

The following are not subject to the excise tax:

- (1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in interstate commerce.
- (2) Sales of wine for sacramental purposes under section 340A.316.
- (3) Fruit juices naturally fermented or beer naturally brewed in the home for family use.
- (4) Malt beverages served by a brewery for on-premise consumption at no charge, or distributed to brewery employees for on-premise consumption under a labor contract.
- (5) Alcoholic beverages sold to authorized manufacturers of food products or pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture of food products or medicines. For purposes of this part, "manufacturer" means a manufacturer of food products intended for sale to wholesalers or retailers for ultimate sale to the consumer.
- (6) Sales to common carriers engaged in interstate transportation of passengers and qualified approved military clubs, except as provided in section 297C.17.
- (7) Alcoholic beverages sold or transferred between Minnesota wholesalers.
- (8) Sales to a federal agency, that the state of Minnesota is prohibited from taxing under the constitution or laws of the United States or under the constitution of Minnesota.
- (9) Shipments of wine to Minnesota residents under section 340A.417.

Sec. 3. Minnesota Statutes 1992, 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. 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 entering Minnesota from another state 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. A person entering Minnesota from a foreign country 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. 4. Minnesota Statutes 1992, section 340A.101, subdivision 15, is amended to read:

Subd. 15. [LICENSED PREMISES.] "Licensed premises" is the premises described in the approved license application, subject to the provisions of section 340A.410, subdivision 7. In the case of a restaurant, club, or exclusive liquor store licensed for on-sales of alcoholic beverages and located on a golf course, "licensed premises" means the entire golf course except for areas where motor vehicles are regularly parked or operated.

Sec. 5. Minnesota Statutes 1992, section 340A.101, subdivision 25, is amended to read:

Subd. 25. [RESTAURANT.] "Restaurant" is an establishment, other than a hotel, under the control of a single proprietor or manager, where meals are regularly prepared on the premises and served at tables to the general public, and having seating capacity for guests in the following minimum numbers:

- | | |
|--|----|
| (a) First class cities | 50 |
| (b) Second and third class cities
and statutory cities of over
10,000 population | 30 |

- | | | |
|-----|---|-----|
| (c) | Unincorporated or unorganized territory other than in Cook, Itasca, Lake, Lake of the Woods, and St. Louis counties | 100 |
| (d) | Unincorporated or unorganized territory in Cook, Itasca, Lake, Lake of the Woods, and St. Louis counties | 50 |

In the case of classes (b) and (c) above, the governing body of a city or county may prescribe a higher minimum number. In fourth class cities and statutory cities under 10,000 population, minimum seating requirements are those prescribed by the governing body of the city.

Sec. 6. Minnesota Statutes 1992, section 340A.101, subdivision 29, is amended to read:

Subd. 29. [WINE.] "Wine" is the product made from the normal alcoholic fermentation of grapes, including still wine, sparkling and carbonated wine, wine made from condensed grape must, wine made from other agricultural products than sound, ripe grapes, imitation wine, compounds sold as wine, vermouth, cider, perry and sake, in each instance containing not less than seven one-half of one percent nor more than 24 percent alcohol by volume for nonindustrial use. Wine does not include distilled spirits as defined in subdivision 9.

Sec. 7. Minnesota Statutes 1992, section 340A.301, subdivision 3, is amended to read:

Subd. 3. [APPLICATION.] An application for a license under this section must be made to the commissioner on a form the commissioner prescribes and must be accompanied by the fee specified in subdivision 6. If an application is denied, \$100 of the amount of any fee exceeding that amount shall be retained by the commissioner to cover costs of investigation.

Sec. 8. Minnesota Statutes 1992, section 340A.302, subdivision 3, is amended to read:

Subd. 3. [FEES.] Annual fees for licenses under this section, which must accompany the application, are as follows:

Importers of distilled spirits, wine, or ethyl alcohol	\$420
Importers of malt liquor	\$800

If an application is denied, \$100 of the fee shall be retained by the commissioner to cover costs of investigation.

Sec. 9. Minnesota Statutes 1992, section 340A.402, is amended to read:

340A.402 [PERSONS ELIGIBLE.]

No retail license may be issued to:

- (1) a person not a citizen of the United States or a resident alien;
- (2) a person under 21 years of age;

(3) a person who has had an intoxicating liquor or nonintoxicating liquor license revoked within five years of the license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested;

(4) a person not of good moral character and repute; or

(5) a person who has a direct or indirect interest in a manufacturer, brewer, or wholesaler.

In addition, no new retail license may be issued to, and the governing body of a municipality may refuse to renew the license of, a person who, within five years of the license application, has been convicted of a felony or a willful

violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage.

Sec. 10. Minnesota Statutes 1992, section 340A.410, subdivision 7, is amended to read:

Subd. 7. [LICENSE LIMITED TO SPACE SPECIFIED.] A licensing authority may issue a retail alcoholic beverage license only for a space that is compact and contiguous. A retail alcoholic beverage license ~~to sell any alcoholic beverage is only effective for the compact and contiguous space licensed premises specified in the approved license application.~~

Sec. 11. Minnesota Statutes 1992, section 340A.415, is amended to read:

340A.415 [LICENSE REVOCATION OR SUSPENSION.]

The authority issuing ~~or approving~~ any retail license or permit under this chapter or the commissioner shall either suspend for up to 60 days or revoke the license or permit or impose a civil fine penalty not to exceed \$2,000 for each violation on a finding that the license or permit holder has failed to comply with an applicable statute, rule, or ordinance relating to alcoholic beverages. ~~No suspension or revocation takes effect until the license or permit holder has been afforded an opportunity for a hearing under sections 14.57 to 14.69 of the administrative procedure act. This section does not require a political subdivision to conduct the hearing before an employee of the office of administrative hearing. The issuing authority or the commissioner may impose the penalties provided in this section on a retail licensee who knowingly (1) sells sold alcoholic beverages to another retail licensee for the purpose of resale, (2) purchases purchased alcoholic beverages from another retail licensee for the purpose of resale, (3) conducts or permits conducted or permitted the conduct of gambling on the licensed premises in violation of the law, or (4) fails failed to remove or dispose of alcoholic beverages when ordered by the commissioner to do so under section 340A.508, subdivision 3, or (5) failed to comply with an applicable statute, rule, or ordinance relating to alcoholic beverages.~~ No suspension or revocation takes effect until the license or permit holder has been given an opportunity for a hearing under sections 14.57 to 14.69 of the administrative procedure act. This section does not require a political subdivision to conduct the hearing before an employee of the office of administrative hearings. Imposition of a penalty or suspension by either the issuing authority or the commissioner does not preclude imposition of an additional penalty or suspension by the other so long as the total penalty or suspension does not exceed the state maximum.

Sec. 12. [340A.417] [SHIPMENTS INTO MINNESOTA.]

(a) Notwithstanding section 297C.09 or any provision of this chapter, a winery licensed in a state which affords Minnesota wineries an equal reciprocal shipping privilege may ship, for personal use and not for resale, not more than two cases of wine, containing a maximum of nine liters per case, in any calendar year to any resident of Minnesota age 21 or over. Delivery of a shipment under this section may not be deemed a sale in this state.

(b) The shipping container of any wine sent into or out of Minnesota under this section must be clearly labeled to indicate that the package cannot be delivered to a person under the age of 21 years.

(c) No person may (1) advertise shipments authorized under this section, or (2) by advertisement or otherwise, solicit shipments authorized by this section. No shipper located outside Minnesota may advertise such interstate reciprocal wine shipments in Minnesota.

(d) It is not the intent of this section to impair the distribution of wine through distributors or importing distributors, but only to permit shipments of wine for personal use.

Sec. 13. Minnesota Statutes 1992, section 340A.503, subdivision 6, is amended to read:

Subd. 6. [PROOF OF AGE; DEFENSE.] (a) Proof of age for purchasing or consuming alcoholic beverages may be established only by one of the following:

(1) a valid driver's license or identification card issued by Minnesota, another state, or a province of Canada, and including the photograph and date of birth of the licensed person;

(2) a valid ~~Minnesota identification card;~~

(2) a valid ~~Canadian~~ military identification card with the photograph and date of birth of the person, issued by a ~~Canadian province~~ the United States Department of Defense; or

(4) (3) in the case of a foreign national, from a nation other than Canada, by a valid passport.

(b) In a prosecution under subdivision 2, clause (1), it is a defense for the defendant to prove by a preponderance of the evidence that the defendant reasonably and in good faith relied upon representations of proof of age authorized in paragraph (a) in selling, bartering, furnishing, or giving the alcoholic beverage.

Sec. 14. Minnesota Statutes 1992, section 340A.904, subdivision 1, is amended to read:

Subdivision 1. [DISPOSAL ALTERNATIVES.] Contingent on the final determination of any action pending in a court, the commissioner shall dispose of alcoholic beverages, material, apparatus, or vehicle seized by inspectors or employees of the department by:

(1) delivering alcoholic beverages to the bureau of criminal apprehension or state patrol for use in chemical testing programs;

(2) delivering on written requests of the commissioner of administration any material, apparatus, or vehicle for use by a state department;

(3) selling intoxicating liquor to licensed retailers within the state;

(4) selling any material, apparatus, or vehicle; or

(5) destroying alcoholic beverages or contraband articles that have no lawful use; or

(6) donation to a charity registered under section 309.52.

Sec. 15. Laws 1969, chapter 783, section 1, as amended by Laws 1971, chapter 498, section 1, as amended by Laws 1973, chapter 396, is further amended by adding a subdivision to read:

Subd. 2. The civic center authority may delegate to its chief administrator any powers granted to the authority under subdivision 1.

Sec. 16. Laws 1983, chapter 259, section 8, is amended to read:

Sec. 8. [ST. PAUL; PARK CLUB HOUSES AND PAVILION; LIQUOR.]

Notwithstanding any contrary provision of law, charter or ordinance, the city of St. Paul may by ordinance authorize any holder of an "on-sale" liquor license issued by the city to dispense intoxicating liquor at any event of definite duration on the public premises known as the Phalen Park club house, the Como Park club house, and the Como Park lakeside pavilion. The event may not be profit making except as a fund raising event for a nonprofit organization or a political committee as defined in Minnesota Statutes, section ~~210A.01, subdivision 8~~ 211A.01, subdivision 4. The licensee must be engaged to dispense liquor at the event by a person or organization permitted to use the premises and may dispense liquor only to persons attending the event. A licensee's authority shall expire upon termination of the event. The authority to dispense liquor shall be granted in accordance with the statutes applicable to the issuance of "on-sale" liquor licenses in cities of the first class consistent with this act. The dispensing of liquor shall be subject to all laws and ordinances governing the dispensing of intoxicating liquor that are consistent with this act. All dispensing of liquor shall be in accordance with the conditions prescribed by the city. The conditions may limit the dispensing of liquor to designated areas of the facility. The city may fix and assess a fee to be paid to the city by an "on-sale" licensee for each event for which the licensee is engaged to dispense liquor. The authority granted by this subdivision shall not count as an additional "on-sale" intoxicating liquor license for purposes of determining the number of liquor licenses permitted to be issued under the provisions of Minnesota Statutes, section ~~340.11~~ 340A.413.

Sec. 17. Laws 1991, chapter 249, section 30, is amended to read:

Sec. 30. [ON-SALE LICENSES; CITY OF HIBBING.]

Notwithstanding Minnesota Statutes, section 340A.413, subdivision 1, the city of Hibbing may issue not more than 20 ~~22~~ on-sale intoxicating liquor licenses. All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to licenses issued under this section.

Sec. 18. Laws 1992, chapter 486, section 11, is amended to read:

Sec. 11. [NATIONAL SPORTS CENTER; SALES OF ALCOHOLIC BEVERAGES.]

Subdivision 1. [AUTHORIZATION.] The Blaine city council may by ordinance authorize a holder of a retail on-sale intoxicating liquor license issued by the city of Blaine or a contiguous another city within Anoka, Hennepin, or Ramsey county to dispense alcoholic beverages at the National Sports Center to persons attending a social event at the center. The licensee must be engaged to dispense alcoholic beverages at a social event held by a person or organization permitted to use the National Sports Center. Nothing in this section authorizes a licensee to dispense alcoholic beverages at any youth amateur athletic event held at the center.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day following final enactment. Under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), this section takes effect without local approval.

Sec. 19. [STEARNS COUNTY; COMBINATION OFF-SALE AND ON-SALE LICENSE.]

Notwithstanding Minnesota Statutes, section 340A.405, the Stearns county board may issue a combination off-sale and on-sale intoxicating liquor license to an establishment in Fair Haven township that is currently licensed to sell alcoholic beverages for consumption on the licensed premises but does not qualify as a restaurant under Minnesota Statutes, section 340A.101, subdivision 25. The license may be issued only after the Fair Haven town board adopts a resolution supporting the issuance of the license.

Sec. 20. [INTOXICATING LIQUOR LICENSE; TOWN OF SCHROEDER.]

Subdivision 1. [AUTHORITY.] The town board of Schroeder in Cook county may, with the approval of the commissioner of public safety, issue an off-sale intoxicating liquor license to an exclusive liquor store located within the town. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the license.

Subd. 2. [EFFECTIVE DATE.] This section is effective on approval of the Schroeder town board and compliance with Minnesota Statutes, section 645.021, subdivision 2.

Sec. 21. [APPLE VALLEY LICENSES.]

Subdivision 1. [AUTHORIZATION.] (a) In addition to other licenses authorized by law, the city of Apple Valley may issue one or more on-sale intoxicating liquor licenses to an entity holding a concessions contract with the Minnesota zoological board for use on the premises of the Minnesota zoological gardens. Licenses authorized under this paragraph authorize sales on all days of the week. Licenses authorized by this paragraph may be issued for licensed premises that are not compact and contiguous, provided that the licensed premises must be (1) entirely included within the premises of the Minnesota zoological gardens, and (2) described in the approved license application.

(b) The city of Apple Valley may (1) authorize the holder of a retail on-sale intoxicating liquor license issued by the city to dispense intoxicating liquor at any convention, banquet, conference, meeting, or social affair conducted on the premises owned by Dakota county located at 14955 Galaxie Avenue in Apple Valley, or (2) may issue an on-sale intoxicating liquor license to any entity holding a concessions contract with the owner for use on the premises. The licensee must be engaged to dispense intoxicating liquor at an event held by a person or organization permitted to use the premises and may dispense intoxicating liquor only to persons attending the event.

(c) All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licensing, sale, and serving of alcoholic beverages under this section.

Subd. 2. [LOCAL APPROVAL.] This section is effective on approval by the Apple Valley city council and compliance with Minnesota Statutes, section 645.021.

Sec. 22. [HOUSTON COUNTY; ON-SALE LIQUOR LICENSE.]

Subdivision 1. [AUTHORIZATION.] (a) The county board of Houston county may, with the approval of the commissioner of public safety, issue an on-sale intoxicating liquor license to an establishment located in Crooked

Creek township notwithstanding the fact that the establishment is not a restaurant as defined in Minnesota Statutes, section 340A.101, subdivision 25.

(b) The county board of Houston county may, with the approval of the commissioner of public safety, issue an on-sale intoxicating liquor license to an establishment located in Brownsville township notwithstanding the fact that the establishment is not a restaurant as defined in Minnesota Statutes, section 340A.101, subdivision 25.

(c) All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licenses authorized by this section.

Subd. 2. [LOCAL APPROVAL.] This section is effective on approval by the Houston county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. [ON-SALE LICENSE; ISANTI COUNTY.]

Subdivision 1. [AUTHORIZATION.] The Isanti county board may issue an on-sale intoxicating liquor license to a premises located in Dalbo township without regard to whether the licensed premises meets the definition of a "restaurant" in Minnesota Statutes, section 340A.101, subdivision 25. All other provisions in Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the license authorized by this section.

Subd. 2. [LOCAL APPROVAL.] This section is effective on approval by the Isanti county board and compliance with Minnesota Statutes, section 645.021.

Sec. 24. [AITKIN COUNTY; OFF-SALE LICENSE.]

Subdivision 1. [AUTHORIZED.] Notwithstanding any provision of Minnesota Statutes, section 340A.405, subdivision 2, the Aitkin county board may issue one off-sale liquor license to a premises located in Farm Island township and designated at the time of initial licensing as the "Farm Island Store." All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section shall apply to this license.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective on approval by the Aitkin county board and compliance with Minnesota Statutes, section 645.021.

Sec. 25. [STILLWATER; LICENSE AUTHORIZED.]

Subdivision 1. [LICENSE AUTHORIZED.] The city of Stillwater may issue one on-sale intoxicating liquor license in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent herewith, apply to the license authorized by this section.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective on approval by the Stillwater city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 26. [PINE COUNTY ON-SALE LICENSE.]

Subdivision 1. [AUTHORITY.] Notwithstanding Minnesota Statutes, section 340A.504, subdivision 3, paragraph (d), Pine county may issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township upon approval by the voters of the town at a special election under Minnesota Statutes, section 340A.504, subdivision 3, paragraph (d).

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective on approval by the Pine county board and compliance with Minnesota Statutes, section 645.021.

Sec. 27. [REPEALER.]

Minnesota Statutes 1992, section 340A.903, is repealed.

Sec. 28. [EFFECTIVE DATE.]

(a) Section 1 is effective June 1, 1993. Sections 2 and 12 are effective the day following final enactment. Sections 4 to 10, 14, and 27 are effective July 1, 1993.

(b) Sections 15 and 16 are effective on approval by the St. Paul city council and compliance with Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to alcoholic beverages; authorizing possession of alcoholic beverages by passengers in certain vehicles; allowing certain shipments of wine into the state and exempting them from taxation; defining terms; prohibiting issuance of retail licenses to certain persons; revising authority for suspensions and civil penalties; providing for proof of age; authorizing license issuance in certain political subdivisions; amending Minnesota Statutes 1992, sections 169.122, by adding a subdivision; 297C.07; 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.402; 340A.410, subdivision 7; 340A.415; 340A.503, subdivision 6; 340A.904, subdivision 1; Laws 1969, chapter 783, section 1, as amended; Laws 1983, chapter 259, section 8; Laws 1991, chapter 249, section 30; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapter 340A; repealing Minnesota Statutes 1992, section 340A.903."

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

Senate Conferees: SAM G. SOLON, JAMES P. METZEN AND WILLIAM V. BELANGER, JR.

House Conferees: JOEL JACOBS, TOM OSTHOFF AND DAVE GRUENES.

Jacobs moved that the report of the Conference Committee on S. F. No. 429 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 429, A bill for an act relating to alcoholic beverages; reciprocity in interstate transportation of wine; changing definitions of licensed premises, restaurant, and wine; authorizing an investigation fee on denied licenses; disqualifying felons from licensing; revising authority for suspensions and civil penalties; making rule violations and false or incomplete statements in license applications misdemeanors; providing instructions to the revisor; penalties for importation of excess quantities; proof of age for purchase or consumption; opportunity for a hearing for license revocation or suspension; prohibiting certain transactions; authorizing the dispensing of intoxicating liquor at the Como Park lakeside pavilion; authorizing dispensing of liquor by an on-sale licensee at the National Sports Center in Blaine; authorizing the city of Apple Valley to issue on-sale licenses on zoological gardens property and to allow an on-sale license to dispense liquor on county-owned property within the city; authorizing Houston county to issue an on-sale intoxicating liquor license to establishments in Crooked Creek and Brownsville townships; authorizing the town of Schroeder in Cook county to issue an off-sale license to an exclusive liquor store; authorizing an on-sale liquor license in Dalbo township of Isanti county; authorizing Stillwater to issue an additional on-sale intoxicating liquor license to a hotel in the city; authorizing Aitkin county to issue one off-sale liquor license to a premises located in Farm Island township; authorizing Pine county to issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township; amending Minnesota Statutes 1992, sections 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.308; 340A.402; 340A.415; 340A.503, subdivision 6; 340A.703; and 340A.904, subdivision 1; Laws 1983, chapter 259, section 8; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapters 297C; and 340A; repealing Minnesota Statutes 1992, section 340A.903.

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 122 yeas and 11 nays as follows:

Those who voted in the affirmative were:

Abrams	Asch	Beard	Bettermann	Brown, C.	Carruthers	Dauner
Anderson, I.	Battaglia	Bergson	Bishop	Brown, K.	Commers	Dauids
Anderson, R.	Bauerly	Bertram	Blatz	Carlson	Cooper	Dawkins

Dehler	Hasskamp	Kelley	Mariani	Orenstein	Rukavina	Van Dellen
Delmont	Haukoos	Kelso	McCollum	Orfield	Sarna	Vellenga
Dempsey	Hausman	Kinkel	McGuire	Osthoff	Seagren	Vickerman
Dorn	Holsten	Klinzing	Milbert	Ostrom	Sekhon	Weaver
Erhardt	Hugoson	Knickerbocker	Molnau	Ozment	Simoneau	Welle
Evans	Huntley	Koppendrayer	Morrison	Pauly	Smith	Wenzel
Farrell	Jacobs	Krueger	Mosel	Pawlenty	Solberg	Winter
Frerichs	Jaros	Lasley	Munger	Pelowski	Stanius	Wolf
Garcia	Jefferson	Leppik	Murphy	Perlt	Steensma	Worke
Girard	Jennings	Lieder	Neary	Peterson	Sviggum	Workman
Goodno	Johnson, A.	Lourey	Nelson	Pugh	Swenson	Spk. Long
Greenfield	Johnson, R.	Luther	Ness	Reding	Tomassoni	
Greiling	Johnson, V.	Lynch	Olson, E.	Rest	Tompkins	
Gruenes	Kahn	Macklin	Olson, K.	Rhodes	Trimble	
Gutknecht	Kalis	Mahon	Opatz	Rodosovich	Tunheim	

Those who voted in the negative were:

Clark	Limmer	Olson, M.	Rice	Wagenius	Wejcman
Krinkie	Lindner	Onnen	Skoglund	Waltman	

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 373, A bill for an act relating to labor; requiring arbitration in certain circumstances; establishing procedures; providing penalties; amending Minnesota Statutes 1992, sections 179.06, by adding a subdivision; and 179A.16, subdivision 3, and by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Murphy moved that the House concur in the Senate amendments to H. F. No. 373 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 373, A bill for an act relating to labor; requiring arbitration in certain circumstances; establishing procedures; providing penalties; amending Minnesota Statutes 1992, sections 179.06, by adding a subdivision; and 179A.16, subdivision 3, and by adding a subdivision.

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 85 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Brown, C.	Dorn	Huntley	Kalis	Lourey	Murphy
Anderson, R.	Brown, K.	Evans	Jacobs	Kelley	Luther	Neary
Asch	Carlson	Farrell	Jaros	Kelso	Mahon	Nelson
Battaglia	Carruthers	Garcia	Jefferson	Kinkel	Mariani	Olson, E.
Bauerly	Clark	Greenfield	Jennings	Klinzing	McCollum	Olson, K.
Beard	Cooper	Greiling	Johnson, A.	Krueger	McGuire	Opatz
Bergson	Dawkins	Hasskamp	Johnson, R.	Lasley	Milbert	Orenstein
Bertram	Delmont	Hausman	Kahn	Lieder	Munger	Orfield

Osthoff	Peterson	Rodosovich	Skoglund	Trimble	Welle
Ostrom	Pugh	Rukavina	Smith	Tunheim	Wenzel
Ozment	Reding	Sarna	Solberg	Vellenga	Winter
Pelowski	Rest	Sekhon	Steensma	Wagenius	Spk. Long
Perlt	Rice	Simoneau	Tomassoni	Wejcman	

Those who voted in the negative were:

Abrams	Dehler	Gutknecht	Krinkie	Morrison	Rhodes	Vickerman
Bettermann	Dempsey	Haukoos	Leppik	Mosel	Seagren	Waltman
Bishop	Erhardt	Holsten	Limmer	Ness	Stanius	Weaver
Blatz	Frerichs	Hugoson	Lindner	Olson, M.	Sviggum	Wolf
Commers	Girard	Johnson, V.	Lynch	Onnen	Swenson	Worke
Dauner	Goodno	Knickerbocker	Macklin	Pauly	Tompkins	Workman
Dauids	Gruenes	Koppendraye	Moinau	Pawlenty	Van Dellen	

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

The Speaker called Bauerly to the Chair.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1063

A bill for an act relating to commerce; currency exchanges; changing the date for submission of license renewal applications; amending Minnesota Statutes 1992, section 53A.03.

May 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1063, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments

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

House Conferees: STEVE TRIMBLE, DOUG PETERSON AND KAY BROWN.

Senate Conferees: DEANNA WIENER, DENNIS R. FREDERICKSON AND SAM G. SOLON.

Trimble moved that the report of the Conference Committee on H. F. No. 1063 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1063, A bill for an act relating to commerce; currency exchanges; changing the date for submission of license renewal applications; amending Minnesota Statutes 1992, section 53A.03.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Anderson, I., 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 Speaker pro tempore Bauerly.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 570, A bill for an act relating to retirement; the public employees retirement association; changing employee and employer contribution rates; changing benefits under certain consolidations; increasing the pension benefit multiplier for the public employees police and fire fund; amending Minnesota Statutes 1992, sections 353.65, subdivisions 2, 3, and by adding a subdivision; 353.651, subdivision 3; 353.656, subdivision 1; and 356.215, subdivision 4g; proposing coding for new law in Minnesota Statutes, chapter 353A.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

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

H. F. No. 31, A bill for an act relating to state government; providing for gender balance in multimember agencies; amending Minnesota Statutes 1992, section 15.0597, by adding subdivisions.

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

Madam Speaker:

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

H. F. No. 1063, A bill for an act relating to commerce; currency exchanges; changing the date for submission of license renewal applications; amending Minnesota Statutes 1992, section 53A.03.

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

Madam Speaker:

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

H. F. No. 1245, A bill for an act relating to data practices; providing for the collection, classification, and dissemination of data; proposing classifications of data as not public; classifying certain licensing data, educational data, security service data, motor carrier operating data, retirement data and other forms of data; amending Minnesota Statutes 1992, sections 13.32, subdivisions 1, 3, and 6; 13.41, subdivision 4; 13.43, subdivision 2; 13.46, subdivisions 1, 2, and 4; 13.643; 13.692; 13.72, by adding a subdivision; 13.792; 13.82, subdivisions 4, 6, and 10; 13.99, subdivision 24, and by adding subdivisions; 115A.93, by adding a subdivision; 144.335, subdivision 3a, and by adding a subdivision; 151.06, by adding a subdivision; 169.09, subdivisions 7 and 13; 245A.04, subdivisions 3 and 3a; 260.161, subdivisions 1 and 3; 270B.14, subdivision 1, and by adding a subdivision; 299L.03, by adding a subdivision; and 626.556, subdivisions 11 and 11c; proposing coding for new law in Minnesota Statutes, chapters 6; 13; and 144; repealing Minnesota Statutes 1992, sections 13.644; and 13.82, subdivision 5b.

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1377, A bill for an act relating to state government; making certain telephone records and budgets public information; amending Minnesota Statutes 1992, section 3.055, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3; and 10.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Carruthers moved that the House concur in the Senate amendments to H. F. No. 1377 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1377, A bill for an act relating to public administration; making telephone records of public officials public data; providing oversight for administrative expenses; regulating administrative rulemaking procedures; amending Minnesota Statutes 1992, sections 3.055, subdivision 1; 3.841; and 14.10; Laws 1989, chapter 335, article 1, section 15, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 3; and 10.

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

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

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1225

A bill for an act relating to agriculture; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; exempting certain pesticides from the ACRRA surcharge; requiring a report; appropriating money; repealing the hazardous substance labeling act; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.135; 18B.14, subdivision 2; 18B.26, subdivision 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18E.03, subdivisions 2 and 5; 21.85, subdivision 10; 325F.19, subdivision 7; repealing Minnesota Statutes 1992, sections 18B.07, subdivision 3; 18C.211, subdivision 3; 18C.215, subdivision 3; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; 24.42; 25.46; and 25.47.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1225, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1225 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 18B.01, is amended by adding a subdivision to read:

Subd. 9a. [FIXED LOCATION.] "Fixed location" means all stationary restricted and bulk pesticide facility operations owned or operated by a person located in the same plant location or locality.

Sec. 2. Minnesota Statutes 1992, section 18B.01, is amended by adding a subdivision to read:

Subd. 30a. [SUBSTANTIALLY ALTERING; SUBSTANTIALLY ALTER; SUBSTANTIAL ALTERATION.] "Substantially altering," "substantially alter," or "substantial alteration" means modifying a bulk agricultural chemical storage facility by:

- (1) changing the capacity of a safeguard;
- (2) adding storage containers in excess of the capacity of a safeguard as required by rule; or
- (3) increasing the size of the single largest storage container in a safeguard as approved or permitted by the department of agriculture. This does not include routine maintenance of safeguards, storage containers, appurtenances, piping, mixing, blending, weighing, or handling equipment.

Sec. 3. Minnesota Statutes 1992, section 18B.065, is amended by adding a subdivision to read:

Subd. 2a. [DISPOSAL SITE REQUIREMENT.] The commissioner must designate a place that is available at least every other year for the residents of each county in the state to dispose of unused portions of pesticides.

Sec. 4. Minnesota Statutes 1992, section 18B.135, subdivision 1, is amended to read:

Subdivision 1. [ACCEPTANCE OF RETURNABLE PESTICIDE CONTAINERS.] (a) A person distributing, offering for sale, or selling a pesticide must accept empty pesticide containers ~~and the unused portion of pesticide that remains in the original container~~ from a pesticide end user if:

- (1) the pesticide was purchased after July 1, 1994; and
- (2) the empty container is prepared for disposal in accordance with label instructions and is returned to the place of purchase within the state; and
- (2) (3) a place is collection site that is seasonably accessible on multiple days has not been designated in either by the county board or by agreement with other counties for the public to return empty pesticide containers ~~and the unused portion of pesticide for the purpose of reuse or recycling or following other approved management practices for pesticide containers in the order of preference established in section 115A.02, paragraph (b), and the county or counties have notified the commissioner of their intentions annually by February 1, in writing, to manage the empty pesticide containers.~~

(b) This subdivision does not prohibit the use of refillable and reusable pesticide containers.

~~(c) The legislative water commission must prepare a report and make a recommendation to the legislature on the handling of waste pesticide containers and waste pesticides. If a county or counties designate a collection site as provided in paragraph (a), clause (3), a person who has been notified by the county or counties of the designated collection site and who sells pesticides to a pesticide end user must notify purchasers of pesticides at the time of sale of the date and location designated for disposal of empty containers.~~

(d) For purposes of this section, pesticide containers do not include containers that have held sanitizers and disinfectants, pesticides labeled primarily for use on humans or pets, or pesticides not requiring dilution or mixing.

Sec. 5. Minnesota Statutes 1992, section 18B.14, subdivision 2, is amended to read:

Subd. 2. [BULK PESTICIDE STORAGE.] (a) A person storing pesticides in containers of a rated capacity of 500 gallons or more for more than ten consecutive days at a bulk pesticide storage facility must obtain a pesticide storage permit from the commissioner as required by rule.

(b) Applications must be on forms provided by the commissioner containing information established by rule. The initial application for a permit must be accompanied by a nonrefundable application fee of \$100 for each location where the pesticides are stored. An application for a facility that includes both fertilizers as regulated under chapter 18C and bulk pesticides as regulated under this chapter shall pay only one application fee of \$100.

(c) The commissioner shall by rule develop and implement a program to regulate bulk pesticides. The rules must include installation of secondary containment devices, storage site security, safeguards, notification of storage site locations, criteria for permit approval, a schedule for compliance, and other appropriate requirements necessary to minimize potential adverse effects on the environment. The rules must conform with existing rules of the pollution control agency.

(d) A person must obtain a permit from the commissioner on forms provided by the commissioner before the person constructs or substantially alters a bulk pesticide storage facility. If an application is incomplete, the commissioner must notify the applicant as soon as possible. The permit must be acted upon within 30 days after receiving a completed application.

(e) An application to substantially alter a facility must be accompanied by a \$50 fee. An application for a facility that includes both fertilizers regulated under chapter 18C and bulk pesticides regulated under this chapter shall pay only one application fee of \$50.

~~(f) An additional application fee of \$250 must be paid by an applicant a person who begins construction of, or substantially alters, a bulk pesticide agricultural chemical storage facility before a permit is issued by the commissioner. The fee under this paragraph may not be charged if the permit is not acted upon within 30 days after receiving a completed application, except that the \$250 additional fee may not be assessed if the person submits a permit application with the required fee to the commissioner before completing the construction or substantial alteration.~~

Sec. 6. Minnesota Statutes 1992, section 18B.26, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] (a) A person may not use or distribute a pesticide in this state unless it is registered with the commissioner. Aquaculture therapeutics shall be registered and labeled in the same manner as pesticides. Pesticide registrations expire on December 31 of each year and may be renewed on or before that date for the following calendar year.

(b) Registration is not required if a pesticide is shipped from one plant or warehouse to another plant or warehouse operated by the same person and used solely at the plant or warehouse as an ingredient in the formulation of a pesticide that is registered under this chapter.

(c) An unregistered pesticide that was previously registered with the commissioner may be used only for a period of two years following the cancellation of the registration of the pesticide, unless the commissioner determines that the continued use of the pesticide would cause unreasonable adverse effects on the environment, or with the written permission of the commissioner. To use the unregistered pesticide at any time after the two-year period, the pesticide end user must demonstrate to the satisfaction of the commissioner, if requested, that the pesticide has been continuously registered under a different brand name or by a different manufacturer and has similar composition, or, the pesticide end user obtains the written permission of the commissioner.

(d) Each pesticide with a unique United States Environmental Protection Agency pesticide registration number or a unique brand name must be registered with the commissioner.

Sec. 7. Minnesota Statutes 1992, section 18B.26, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FEE.] (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at one-tenth of one percent for calendar year 1990, at one-fifth of one percent for calendar year 1991, and at two-fifths of one percent for calendar year 1992 and thereafter of annual gross sales within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee of \$250 ~~plus an additional one-tenth of one percent for each pesticide for which the United States Environmental Protection Agency, Office of Water, has published a Health Advisory Summary by December 1 of the previous year.~~ The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. Of the amount collected after calendar year 1990, at least \$600,000 per fiscal year must be credited to the waste pesticide account under section 18B.065, subdivision 5, and the additional amount collected for pesticides with Health Advisory Summaries shall be credited to the agricultural project utilization account under section 116O.13 to be used for pesticide use reduction grants by the agricultural utilization research institute.

(b) An additional fee of \$100 must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(c) A registrant must annually report to the commissioner the amount and type of each registered pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report and require additional information deemed necessary to determine the amount and type of pesticides annually distributed in the state. The information required shall include the brand name, amount, and formulation of each pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

Sec. 8. Minnesota Statutes 1992, section 18B.31, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] (a) Except as provided in paragraph (b), ~~a person no individual may not distribute at wholesale or retail or possess offer for sale or sell a restricted use pesticides or bulk pesticides with an intent to distribute them to an ultimate pesticide to a pesticide end user from any fixed location~~ without a pesticide dealer license.

(b) ~~The A pesticide dealer license requirement does not apply to~~ is not required for:

(1) a licensed commercial applicator, noncommercial applicator, or structural pest control applicator who uses restricted use pesticides only as an integral part of a pesticide application service;

(2) a federal, state, county, or municipal agency using restricted use pesticides for its own programs; ~~or~~

(3) a licensed pharmacist, physician, dentist, or veterinarian when administering or dispensing a restricted use pesticide for use in the pharmacist's, physician's, dentist's, or veterinarian's practice; or

(4) a person at a fixed location that is not used to offer for sale or sell restricted use or bulk pesticides including, but not limited to, warehouses or other storage sites.

(c) A licensed pesticide dealer may sell restricted use pesticides only to an applicator licensed or certified by the commissioner, unless a sale is allowed by rule.

(d) A pesticide dealer license is required for an individual not located in Minnesota who offers for sale or sells a restricted use or bulk pesticide to a pesticide end user located in Minnesota.

(e) Only one pesticide dealer license is required per fixed location from which an individual offers for sale or sells a restricted use or bulk pesticide to an end user.

Sec. 9. Minnesota Statutes 1992, section 18B.36, subdivision 2, is amended to read:

Subd. 2. [CERTIFICATION.] (a) The commissioner shall prescribe certification requirements and provide training that meets or exceeds United States Environmental Protection Agency standards to certify private applicators and provide information relating to changing technology to help ensure a continuing level of competency and ability to use pesticides properly and safely. The training may be done through cooperation with other government agencies and must be a minimum of three hours in duration.

(b) A person must apply to the commissioner for certification as a private applicator. After completing the certification requirements, which must include an examination as determined by the commissioner, an applicant must be certified as a private applicator to use restricted use pesticides. The certification is for a period of three calendar years from the applicant's nearest birthday including the first year of certification, and expires December 31 of the third year.

(c) The commissioner shall issue a private applicator card to a private applicator.

Sec. 10. Minnesota Statutes 1992, section 18B.37, subdivision 2, is amended to read:

Subd. 2. [COMMERCIAL AND NONCOMMERCIAL APPLICATORS.] (a) A commercial or noncommercial applicator, or the applicator's authorized agent, must maintain a record of pesticides used on each site. Noncommercial applicators must keep records of restricted use pesticides. The record must include the:

- (1) date of the pesticide use;
- (2) time the pesticide application was completed;
- (3) brand name of the pesticide, the United States Environmental Protection Agency registration number, and dosage used;
- (4) number of units treated;
- (5) temperature, wind speed, and wind direction;
- (6) location of the site where the pesticide was applied;
- (7) name and address of the customer;
- (8) name and signature of applicator, name of company, license number of applicator, and address of applicator company; and
- (9) any other information required by the commissioner.

(b) Portions of records not relevant to a specific type of application may be omitted upon approval from the commissioner.

(c) All information for this record requirement must be contained in a single page document for each pesticide application, 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. An invoice containing the required information may constitute the required record. The commissioner shall make sample forms available to meet the requirements of this paragraph.

(d) A commercial applicator must give a copy of the record to the customer ~~when the application is completed.~~

(e) Records must be retained by the applicator, company, or authorized agent for five years after the date of treatment.

Sec. 11. Minnesota Statutes 1992, section 18C.005, subdivision 13, is amended to read:

Subd. 13. [GRADE.] "Grade" means the percentage of total nitrogen (N), available phosphorus (P) or phosphoric acid (P_2O_5) phosphate (P_2O_5), and soluble potassium (K) or soluble potash (K_2O) (K_2O) stated in whole numbers in the same terms, order, and percentages as in the guaranteed analysis except the grade of bone meals, manures, and similar raw materials may be stated in fractional units, and specialty fertilizers may be stated in fractional units of less than one percent of total nitrogen, available phosphorus or phosphoric acid phosphate, and soluble potassium or soluble potash.

Sec. 12. Minnesota Statutes 1992, section 18C.005, subdivision 35, is amended to read:

Subd. 35. [SUBSTANTIALLY ALTERING; SUBSTANTIALLY ALTER; SUBSTANTIAL ALTERATION.] "Substantially altering," "substantially alter," or "substantial alteration" means modifying a bulk agricultural chemical storage facility by:

- (1) changing the capacity of a safeguard;
- (2) adding additional safeguards or storage containers, or changing existing storage containers, safeguards, appurtenances, or piping, in excess of the capacity of a safeguard as required by rule;
- (3) increasing the size of the largest storage container in a safeguard as approved or permitted by the commissioner of agriculture; or
- (4) adding or changing anhydrous ammonia storage containers or adding ammonia loading or unloading stations. This does not include routine maintenance of existing safeguards, storage containers, appurtenances, and piping, or of existing mixing, blending, weighing, and or handling equipment. For dry bulk fertilizer, a person may decrease storage capacity without a substantial alteration permit and may increase storage capacity up to 150 tons per location annually without a substantial alteration permit.

Sec. 13. Minnesota Statutes 1992, section 18C.115, subdivision 2, is amended to read:

Subd. 2. [ADOPTION OF NATIONAL STANDARDS.] Applicable national standards contained in the ~~1989~~ 1993 official publication, number 42 ~~46~~, of the association of American plant food control officials including the rules and regulations, statements of uniform interpretation and policy, and the official fertilizer terms and definitions, and not otherwise adopted by the commissioner, may be adopted as fertilizer rules of this state.

Sec. 14. Minnesota Statutes 1992, section 18C.211, subdivision 1, is amended to read:

Subdivision 1. [N, P, AND K NUTRIENT CONTENT STATED.] (a) Until the commissioner prescribes the alternative form of guaranteed analysis, it must be stated as provided in this subdivision.

(b) A guaranteed analysis must state the percentage of plant nutrient content, if claimed, in the following form:

"Total Nitrogen (N)	... percent
Available Phosphoric Acid (P_2O_5)	
Phosphate (P_2O_5)	... percent
Soluble Potash (K_2O) (K_2O)	... percent"

(c) For unacidulated mineral phosphatic materials and basic slag, bone, tankage, and other organic phosphate materials, the total ~~phosphoric acid~~ phosphate or degree of fineness may also be stated.

Sec. 15. Minnesota Statutes 1992, section 18C.215, subdivision 2, is amended to read:

Subd. 2. [BLENDED, BULK, AND MIXED FERTILIZER.] (a) A distributor who blends or mixes fertilizer to a customer's order without a guaranteed analysis of the final mixture or distributes fertilizer in bulk, must furnish each purchaser with an invoice or delivery ticket in written or printed form showing the net weight, name and address of the guarantor, and guaranteed analysis of each of the materials used in the mixture.

(b) ~~The invoice or delivery ticket must accompany the delivery.~~

(c) Records of invoices or delivery tickets must be kept for five years after the delivery or application.

Sec. 16. Minnesota Statutes 1992, section 18C.305, subdivision 2, is amended to read:

Subd. 2. [PERMIT FEES.] (a) An application for a new facility must be accompanied by a nonrefundable application fee of \$100 for each location where fertilizer is stored.

(b) An application to substantially alter a facility must be accompanied by a nonrefundable \$50 fee.

(c) ~~In addition to the fees under paragraphs (a) and (b), a~~ An additional fee of \$250 must be paid by an applicant a person who begins construction of, or substantial alteration substantially alters a bulk agricultural chemical storage facility before a permit is issued by the commissioner, except that the \$250 additional fee may not be assessed if the person submits a permit application with the required fee to the commissioner before completing the construction or substantial alteration.

(d) An application for a facility that includes both fertilizers, as regulated under this chapter, and pesticides as regulated under chapter 18B shall pay only one application fee of \$100.

Sec. 17. Minnesota Statutes 1992, section 18D.103, is amended by adding a subdivision to read:

Subd. 3. [EXCEPTION.] A responsible party or an owner of real property who is a licensed or certified private or commercial pesticide applicator is not required to report an incident to the commissioner under this section if the amount of pesticide involved in the release plus any other releases which have occurred at the site during the preceding year is less than the maximum amount of the pesticide that, consistent with its label, can be applied to one acre of agricultural crop land unless the release occurred into or near public water or groundwater.

Sec. 18. Minnesota Statutes 1992, section 18D.105, is amended by adding a subdivision to read:

Subd. 3a. [PASSIVE BIOREMEDIATION.] Passive bioremediation must be considered for pesticide cleanups whenever an assessment of the site determines that there is a low potential risk to public health and the environment. The assessment may include the soil types involved, leaching potential, underlying geology, proximity to ground and surface water, and the soil half-life of the pesticides.

Sec. 19. Minnesota Statutes 1992, section 18E.03, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURES.] (a) Money in the agricultural chemical response and reimbursement account may only be used:

(1) to pay for the commissioner's responses to incidents under chapters 18B, 18C, and 18D that are not eligible for payment under section 115B.20, subdivision 2;

(2) to pay for emergency responses that are otherwise unable to be funded; ~~and~~

(3) to reimburse and pay corrective action costs under section 18E.04; ~~and~~

(4) by the board to reimburse the commissioner for board staff and other administrative costs up to \$175,000 per fiscal year.

(b) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments as provided in this subdivision.

Sec. 20. Minnesota Statutes 1992, section 18E.03, subdivision 3, is amended to read:

Subd. 3. [DETERMINATION OF RESPONSE AND REIMBURSEMENT FEE.] (a) The commissioner shall determine the amount of the response and reimbursement fee under subdivision 5 ~~4~~ after a public hearing, but notwithstanding section 16A.128, based on:

(1) the amount needed to maintain an unencumbered balance in the account of \$1,000,000;

(2) the amount estimated to be needed for responses to incidents as provided in subdivision 2, clauses (1) and (2); ~~and~~

(3) the amount needed for payment and reimbursement under section 18E.04.

(b) The commissioner shall determine the response and reimbursement fee so that the total balance in the account does not exceed \$5,000,000.

(c) Money from the response and reimbursement fee shall be deposited in the treasury and credited to the agricultural chemical response and reimbursement account.

Sec. 21. Minnesota Statutes 1992, section 18E.03, subdivision 4, is amended to read:

Subd. 4. [~~FEE THROUGH 1990.~~] (a) ~~The response and reimbursement fee consists of the surcharge fees surcharges and any adjustments made by the commissioner in this subdivision and shall be collected until March 1, 1991 by the commissioner. The amount of the response and reimbursement fee shall be determined and imposed annually by the commissioner as required to satisfy the requirements in subdivision 3. The commissioner shall adjust the amount of the surcharges imposed in proportion to the amount of the surcharges listed in this subdivision.~~

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the registration application fee under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state and sales of pesticides for use in the state during the ~~period April 1, 1990, through December 31, 1990~~ previous calendar year, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant properly documents the sale location and the distributors.

(c) The commissioner shall impose a ten cents per ton surcharge on the inspection fee under section 18C.425, subdivision 6, for fertilizers, soil amendments, and plant amendments.

(d) The commissioner shall impose a surcharge on the license application of persons licensed under chapters 18B and 18C consisting of:

(1) a ~~\$150~~ \$75 surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees under section 18B.31, subdivision 5;

(2) a ~~\$150~~ \$75 surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed under sections 18C.415 and 18C.425;

(3) a \$50 surcharge to be imposed on a structural pest control applicator license application under section 18B.32, subdivision 6, for business license applications only;

(4) a \$20 surcharge to be imposed on commercial applicator license application fees under section 18B.33, subdivision 7; and

(5) a \$20 surcharge to be imposed on noncommercial applicator license application fees under section 18B.34, subdivision 5, ~~except a surcharge may not be imposed on a noncommercial applicator that is a state agency, political subdivision of the state, the federal government, or an agency of the federal government; and~~

~~(6) a \$25 surcharge for licensed lawn service applicators under chapter 18B or 18C, to be imposed on license application fees.~~

~~(e) If a person has more than one license for a site, only one surcharge may be imposed to cover all the licenses for the site.~~

~~(f)~~ (e) A \$1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:

(1) the distributor properly documents that it has less than \$2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or

(2) the registrant pays the surcharge under paragraph (b) and the registration fee under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for use outside of the state.

~~(g)~~ (f) Paragraphs (c) to ~~(f)~~ (e) apply to sales, licenses issued, applications received for licenses, and inspection fees imposed on or after July 1, 1990.

Sec. 22. Minnesota Statutes 1992, section 18E.03, subdivision 6, is amended to read:

Subd. 6. [REVENUE SOURCES.] Revenue from the following sources must be deposited in the state treasury and credited to the agricultural chemical response and reimbursement account:

- (1) the proceeds of the fees imposed by subdivisions 3 and ~~5~~ 4;
- (2) money recovered by the state for expenses paid with money from the account;
- (3) interest attributable to investment of money in the account; and
- (4) money received by the commissioner in the form of gifts, grants other than federal grants, reimbursements, and appropriations from any source intended to be used for the purposes of the account.

Sec. 23. Minnesota Statutes 1992, section 18E.03, subdivision 7, is amended to read:

Subd. 7. [APPROPRIATION AND REIMBURSEMENT.] The amount of the response and reimbursement fee imposed under subdivisions 3 ~~to 5~~ and 4 is appropriated from the general fund to the agricultural chemical response and reimbursement account to be reimbursed when the fee is collected.

Sec. 24. Minnesota Statutes 1992, section 18E.04, is amended by adding a subdivision to read:

Subd. 2a. [INELIGIBILITY FOR REIMBURSEMENT OR PAYMENT.] Pesticides that are sanitizers and disinfectants and are exempt from surcharges are ineligible for reimbursement or payment under this section.

Sec. 25. Minnesota Statutes 1992, section 21.85, subdivision 10, is amended to read:

Subd. 10. [COMMISSIONER MAY ALTER REQUIREMENTS IN EMERGENCIES.] In the event of acute shortages of any seed or seeds, or the occurrence of other conditions which in the opinion of the commissioner create an emergency which would make impractical the enforcement of any requirement of sections 21.80 to 21.92 relating to the percentage of purity ~~and~~, weed seed content, and the variety name of any seed or seeds, the commissioner may temporarily change and alter any requirement relating to percentage of purity ~~and~~, weed seed content, and the variety name for the duration of the emergency.

Sec. 26. Minnesota Statutes 1992, section 32.11, is amended to read:

32.11 [DISCRIMINATION IN BUYING AND SELLING; SCHEDULE OF PRICES.]

(a) Any person, firm, copartnership, or corporation engaged in the business of buying milk, cream or butterfat for manufacture or for sale of such milk, cream, or butterfat, who shall discriminate between different sections, localities, communities, or cities of this state, or who shall discriminate between persons in the same section, locality, community or city of this state, by purchasing such commodity at a higher price or rate from one person or in one locality than is paid for the same commodity by such person, firm, copartnership, or corporation in the same locality or in another locality, after making due allowance for the difference, if any, in the reasonable cost of transportation from the locality of purchase to the locality of manufacture or locality of sale of such milk, cream, or butterfat, shall be deemed guilty of unfair discrimination, which is a misdemeanor.

(b) A processor or wholesaler who sells selected class I or class II dairy products as defined in section 32.70 in Minnesota shall maintain a current schedule of prices showing rebates, discounts, refunds, and price differentials for the selected dairy products offered for sale at wholesale to retailers or to another wholesaler.

Sec. 27. Minnesota Statutes 1992, section 32.25, subdivision 1, is amended to read:

Subdivision 1. [MILK FAT, PROTEIN, AND SOLIDS NOT FAT BASES OF PAYMENT; TESTS.] ~~All Milk and cream must be purchased from producers shall be purchased by weight and~~ using a formula based on one or more of the following methods:

(1) payment of a standard rate with uniform differentials for milk testing above or below 3.5 percent milk fat;

~~(1) (2) payment of a standard rate with uniform differentials for milk testing above or below 3.5 percent milk fat for the pounds of milk fat contained in the milk;~~

~~(2) (3) payment of a standard rate with uniform differentials for milk testing above or below 3.5 percent milk fat and above or below a base percent for the pounds of protein contained in the milk;~~

~~(3) (4) payment of a standard rate with uniform differentials for milk testing above or below 3.5 percent milk fat and above or below a base percent for the pounds of solids not fat contained in the milk; or~~

(5) payment of standard rates based on other attributes of value in the milk.

~~In addition, an adjustment to the milk price may be made on the basis of milk quality, and the component price payment may be subject to the milk quality and other premiums.~~

~~Testing procedures for determining the percentages of milk fat, protein, and milk solids not fat shall be must comply with the Association of Analytical Chemists approved methods or be as adopted by rule.~~

Sec. 28. Minnesota Statutes 1992, section 325F.19, subdivision 7, is amended to read:

Subd. 7. "Presenting a clear and present danger" means known to cause physical damage to structure or health hazards to occupants through continuing direct contact or release of a hazardous substance as defined in section ~~24.33~~ 115B.02.

Sec. 29. Laws 1993, chapter 65, section 6, subdivision 2, is amended to read:

Subd. 2. [BASIC COST.] (a) "Basic cost" for a processor means the actual cost of the raw milk plus 75 percent of the actual processing and handling costs for a selected class I or class II dairy product.

(b) "Basic cost" for a wholesaler means the actual cost of the selected class I or class II dairy product purchased from the processor or another wholesaler. Basic cost for a wholesaler does not include any part of an over-order premium assessment under section 32.73.

(c) "Basic cost" for a retailer means the actual cost of the selected class I or class II dairy product purchased from a processor or wholesaler. Basic cost for a retailer does not include any part of an over-order premium assessment under section 32.73.

Sec. 30. Laws 1993, chapter 65, section 8, subdivision 1, is amended to read:

Subdivision 1. [POLICY; PROCESSORS; WHOLESALERS; RETAILERS.] (a) It is the intent of the legislature to accomplish partial deregulation of milk marketing with a minimum negative impact upon small volume retailers.

(b) A processor or wholesaler may not sell or offer for sale selected class I or class II dairy products at a price lower than the processor's or wholesaler's basic cost.

(c) A retailer may not sell or offer for sale selected class I or class II dairy products at a retail price lower than ~~107.5~~ (1) 105 percent of the retailer's basic cost until June 30, 1994; and (2) the retailer's basic cost beginning July 1, 1994, and thereafter. A retailer may not use any method or device in the sale or offer for sale of a selected dairy product that results in a violation of this section.

Sec. 31. Laws 1993, chapter 65, section 9, subdivision 4, is amended to read:

Subd. 4. [EXEMPTIONS.] Selected class I dairy products sold as home delivery retail sales, sales involving the women, infants, and children nutrition program (WIC), and sales to public or nonpublic schools are exempt from assessment under this section.

Sec. 32. Laws 1993, chapter 65, section 9, subdivision 7, is amended to read:

Subd. 7. [ANNUAL REPORT.] Not later than February 1 of 1994 1995 and each year thereafter, the commissioner, after consultation with representatives of the dairy production, processing, and marketing industries, shall report to the chairs of the agriculture committees of the senate and the house of representatives on the impacts and benefits to dairy farmers of the over-order premium and dairy marketing partial deregulation provisions of this act and the level of over-order premiums provided by common marketing agencies in the upper midwest during the previous calendar year. In addition, the February 1, 1994 1995 report must provide recommendations concerning the desirability of exempting from the over-market premium assessment selected class I dairy products sold to certain not-for-profit customers, including hospitals, nursing homes, licensed day care providers, and residential care facilities and institutions. The report provided by the commissioner on February 1, 1995, must include an assessment of the impact of the removal of retail price controls during the month of June, 1994.

Sec. 33. [COMMISSIONER'S NOTICE TO RETAILERS.]

The commissioner of agriculture shall provide written notice to persons who sell selected class I or class II dairy products at retail, as those terms are defined in Laws 1993, chapter 65, of the provisions of Laws 1993, chapter 65, and this act relating to the requirements for pricing at the retail level. The commissioner shall make every effort to provide such notice as soon as is reasonably possible.

Sec. 34. [TASK FORCE; DAIRY PRICE DEREGULATION.]

Subdivision 1. [ESTABLISHMENT; MEMBERSHIP.] There is established a task force on dairy price deregulation consisting of:

(1) the chairs of the commerce and consumer protection and agriculture and rural development committees of the senate or members designated by the chairs;

(2) the chairs of the agriculture and commerce and economic development committees of the house of representatives or members designated by the chairs;

(3) one minority party member of the senate appointed by the minority leader of the senate;

(4) one minority party member of the house of representatives appointed by the minority leader of the house; and

(5) six members appointed by the governor.

Members appointed by the governor must represent consumers and processors, wholesalers, and the retail segment of the dairy industry. The governor shall make all appointments to the task force not later than July 1, 1993.

Members appointed by the governor shall be compensated as provided under Minnesota Statutes, section 15.059, subdivision 6.

The governor shall select a chair from among the members of the task force.

Subd. 2. [DUTIES; STAFF SUPPORT.] The task force shall conduct a study of the dairy processing and marketing industry, including:

(1) the impacts and benefits to processors, wholesalers, retailers, and consumers of dairy marketing partial deregulation;

(2) the impacts that would occur under various levels of deregulation at the processor, wholesale, and retail segments of the dairy industry; and

(3) the feasibility of requiring uniform wholesale prices to all retailers of class I and class II dairy products.

Upon request of the task force, the commissioner of agriculture shall provide technical and staff assistance to the task force.

Subd. 3. [REPORT.] Not later than February 1, 1994, the task force shall report to the legislature on its findings and recommendations.

Subd. 4. [EXPIRATION.] The task force expires May 1, 1994.

Subd. 5. [APPROPRIATION.] There is appropriated to the commissioner of agriculture in fiscal year 1994, from the dairy services account, amounts necessary for the costs incurred for expenses of task force members under Minnesota Statutes, section 15.059, subdivision 6, and costs for preparation and production of the report.

Sec. 35. [EDUCATION SPECIALIST; AGRICULTURE.]

The department of education shall maintain the current functions and responsibilities related to agriculture, secondary agriculture education, and the Future Farmers of America (FFA) that were performed by an education specialist II on June 1, 1992. A person qualified with a background in agriculture education must be assigned to fulfill these responsibilities.

Sec. 36. [APPROPRIATION; EDUCATION SPECIALIST AGRICULTURE.]

\$35,000 in fiscal year 1994 and \$35,000 in fiscal year 1995 are appropriated from the general fund to the commissioner of education to maintain the current functions and responsibilities as described in section 35.

Sec. 37. [OILSEED PROCESSING; FEASIBILITY.]

The commissioner of agriculture shall conduct a study of the feasibility of developing a producer-controlled oilseed production facility to process canola, crambe, and other grains. Consideration shall be given to grants, loans, tax incentives, and bonding. The commissioner shall work with agricultural utilization research institute, the University of Minnesota, and other interested parties. The commissioner shall report the findings of the study to the house committee on agriculture and the senate committee on agriculture and rural development by January 15, 1994.

Sec. 38. [REPORTS ON PESTICIDE CONTAINERS AND WASTE PESTICIDES.]

Subdivision 1. [AGRICULTURAL PESTICIDE CONTAINERS.] The commissioner shall prepare a report with recommendations to the legislature by January 1, 1995, on the handling of empty agricultural pesticide containers and unused portions of agricultural pesticides used for the production of food, feed, or fiber crop use using the following criteria:

- (1) the minimization of the disposal of agricultural pesticide containers and waste agricultural pesticides;
- (2) the collection and recycling of agricultural pesticide containers; and
- (3) the collection and disposal of waste agricultural pesticides.

Subd. 2. [PESTICIDE CONTAINERS.] The commissioner shall prepare a report with recommendations to the legislature by January 1, 1997, on the handling of empty pesticide containers and waste pesticides and shall report on the progress made in achieving the following goals:

- (1) the minimization of the disposal of pesticide containers and waste pesticides;
- (2) the collection and recycling of pesticide containers; and
- (3) the collection and proper disposal of waste pesticides.

Subd. 3. [RECOMMENDATIONS.] Each report required under this section shall also include recommendations for the internalization of the management costs for waste pesticides and pesticide containers amongst pesticide manufacturers, distributors, and retailers.

Sec. 39. [APPROPRIATIONS.]

\$200,000 in fiscal year 1994 and \$200,000 in fiscal year 1995 are appropriated from the pesticide regulatory account to the agricultural project utilization account to be used for cooperative research including pesticide use reduction, technology transfer of pesticide reduction practices, and the evaluation and demonstration of best management practices as developed by the department of agriculture, with the goals of achieving a reduction in input costs of

producers and improving utilization of integrated pest management, biological pest controls, and other pesticide reduction practices. Research may also be conducted regarding agricultural chemical spill site remediation.

Sec. 40. [TRANSFER OF FUNDS.]

The commissioner of finance shall transfer any remaining balance in the dairy industry unfair trade practices account to the dairy services account.

Sec. 41. [REPEALER.]

Minnesota Statutes 1992, sections 18C.211, subdivision 3; 18C.215, subdivision 3; 18E.03, subdivision 5; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; and 24.42, are repealed.

Sec. 42. [EFFECTIVE DATE.]

Section 26 is effective June 1, 1993. Sections 29, 33, 34, and 40 are effective the day following final enactment. Section 27, is effective August 1, 1993, and is not subject to the contingency contained in Laws 1984, chapter 509, section 2. Sections 30 and 31 are effective August 1, 1993. Sections 35 and 36 are effective July 1, 1993."

Delete the title and insert:

"A bill for an act to agriculture; providing for the continued use of unregistered pesticides; modifying procedures for the return of empty pesticide containers and unused portions of pesticides; changing the amounts of the ACCRA surcharges; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; making changes in the laws on pesticides and agricultural chemicals; changing provisions regarding the pricing of certain dairy products; repealing the hazardous substance labeling act; requiring studies; maintaining an agriculture education specialist; transferring certain funds; appropriating money; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.065, by adding a subdivision; 18B.135, subdivision 1; 18B.14, subdivision 2; 18B.26, subdivisions 1 and 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18D.103, by adding a subdivision; 18D.105, by adding a subdivision; 18E.03, subdivisions 2, 3, 4, 6, and 7; 18E.04, by adding a subdivision; 21.85, subdivision 10; 32.11; 32.25, subdivision 1; and 325F.19, subdivision 7; Laws 1993, chapter 65, sections 6, subdivision 2; 8, subdivision 1; and 9, subdivisions 4 and 7; repealing Minnesota Statutes 1992, sections 18C.211, subdivision 3; 18C.215, subdivision 3; 18E.03, subdivision 5; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; and 24.42."

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

House Conferees: ANDY STEENSMA, STEPHEN G. WENZEL AND GENE HUGOSON.

Senate Conferees: STEVEN MORSE, JOE BERTRAM, SR., AND JANE KRENTZ.

Steensma moved that the report of the Conference Committee on H. F. No. 1225 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1225, A bill for an act relating to agriculture; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; exempting certain pesticides from the ACCRA surcharge; requiring a report; appropriating money; repealing the hazardous substance labeling act; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.135; 18B.14, subdivision 2; 18B.26, subdivision 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18E.03, subdivisions 2 and 5; 21.85, subdivision 10; 325F.19, subdivision 7; repealing Minnesota Statutes 1992, sections 18B.07, subdivision 3; 18C.211, subdivision 3; 18C.215, subdivision 3; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; 24.42; 25.46; and 25.47.

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 113 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dawkins	Jaros	Lindner	Olson, M.	Rukavina	Wagenius
Anderson, R.	Delmont	Jefferson	Lourey	Onnen	Sarna	Waltman
Battaglia	Dorn	Jennings	Luther	Opatz	Seagren	Weaver
Bauerly	Evans	Johnson, A.	Lynch	Orenstein	Sekhon	Wejzman
Beard	Farrell	Johnson, R.	Mahon	Orfield	Simoneau	Welle
Bergson	Garcia	Johnson, V.	Mariani	Ostrom	Skoglund	Wenzel
Bertram	Girard	Kahn	McGuire	Ozment	Smith	Winter
Bettermann	Greenfield	Kalis	Milbert	Pawlenty	Solberg	Wolf
Blatz	Greiling	Kelley	Molnau	Pelowski	Sparby	Worke
Brown, K.	Gruenes	Kelso	Mosel	Perlt	Steensma	Workman
Carlson	Gutknecht	Kinkel	Munger	Peterson	Sviggum	Spk. Long
Carruthers	Hasskamp	Klinzing	Murphy	Pugh	Swenson	
Clark	Haukoos	Koppendrayer	Neary	Reding	Trimble	
Commers	Hausman	Krueger	Nelson	Rest	Tunheim	
Cooper	Hugoson	Lasley	Ness	Rhodes	Van Dellen	
Dauner	Huntley	Leppik	Olson, E.	Rice	Vellenga	
Dauids	Jacobs	Lieder	Olson, K.	Rodosovich	Vickerman	

Those who voted in the negative were:

Abrams	Brown, C.	Erhardt	Holsten	Limmer	Morrison	Stanius
Asch	Dehler	Frerichs	Knickerbocker	Macklin	Osthoff	Tomassoni
Bishop	Dempsey	Goodno	Krinkie	McCollum	Pauly	Tompkins

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1658

A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1658, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1658 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 116L.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] The partnership shall be governed by a board of 11 12 directors.

Sec. 2. Minnesota Statutes 1992, 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 chancellor of the technical college system, and the chancellor of the higher education board.

Sec. 3. Minnesota Statutes 1992, section 116L.05, is amended by adding a subdivision to read:

Subd. 3. [USE OF FUNDS.] The job skills partnership board may use up to six percent of any funds it receives, regardless of the source, for activities authorized under section 116L.04, subdivision 2.

Sec. 4. Minnesota Statutes 1992, section 116O.091, is amended to read:

116O.091 [MINNESOTA PROJECT OUTREACH CORPORATION.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] ~~The Minnesota Project outreach Corporation is established as a nonprofit public corporation under chapter 317A and is subject to the provisions of that chapter. The corporation is not a state agency. The purpose of the corporation project 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; EMPLOYEES.] 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 commissioner of trade and economic development or the commissioner's designee, the chair of the Minnesota Technology, Inc. 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 person who has experience with small manufacturing firms located outside the metropolitan area, a person who has experience with medium sized manufacturing firms located in the metropolitan area, one of which must be actively engaged in manufacturing, and a private sector person representing the general public. The governor shall appoint the representatives of the manufacturing firms and the general public. Vacancies on the board for the members who are appointed by the governor shall be filled by the board until the respective term expires. 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. The officers and any employees of the corporation are not state employees.~~

~~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 317A 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 maintain a data base or data bases that provide information for the technology assistance system under clause (1) that may include information on (i) science and technology experts, (ii) technical research projects underway at public higher education institutions in the state, (iii) licensable technology available at public higher education institutions in the state, (iv) access to federal technology and technical information, and (v) access to technical and business education;

(3) provide literature search and document retrieval services through the technology assistance system under clause (1);

(4) 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;

(5) 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;

(6) 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;

(7) establish, where possible, regional bases and referral systems for the business assistance referral system, and a system to reference experts in the state university system; and

(8) 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 establishing 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~~ An advisory committees committee is created to assist in selecting vendors and evaluating the corporation's project outreach activities. The advisory committee shall include the president of the University of Minnesota or the president's designee, the commissioner of trade and economic development or the commissioner's designee, the chair of the Minnesota Technology, Inc., board of directors or the chair's designee, 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, and at least five users of project outreach services appointed by the named members.

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, Minnesota Technology, Inc., 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. 5. Minnesota Statutes 1992, section 116O.15, is amended to read:

116O.15 [ANNUAL REPORT.]

The board shall submit a report to the 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

February 1 of each year. A copy of the report shall also be provided to the president of the University of Minnesota. The report must include at least 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. 6. [FEDERAL DEFENSE CONVERSION ACTIVITIES.]

The Minnesota Project Outreach Corporation shall assist the department of trade and economic development, the sponsoring agency, to prepare a response to the Technology Reinvestment Project solicitation required by the Defense Conversion, Reinvestment and Transition Assistance Act of 1992, Public Law Numbers 102-484 and 102-190, and related federal law. The response shall address technology development, deployment, and manufacturing education and training activities that comply with the act, that result from a collaborative working effort that involves a team of eligible participants which may include nonprofit and other eligible firms as mandated by United States Code, title 10, section 2491, state government agencies, local government agencies, institutions of higher education, manufacturing and other extension programs, and other eligible proposers under the act.

The department of trade and economic development shall create an advisory task force made up of business, labor community, and local government representatives to assist in developing a state plan for job retention and job creation in industries and communities in Minnesota affected by defense contract cuts. The task force shall advise the Minnesota Project Outreach Corporation, Minnesota Technology, Inc., the department of trade and economic development, and other appropriate state agencies in accessing federal funding available from the Office of Economic Adjustment and the Economic Development Administration in order (1) to improve Minnesota's competitiveness in seeking federal community adjustment planning funds available through the new federal defense conversion programs, and (2) to provide for public involvement and accountability in the conversion programs. The task force shall serve without compensation and reimbursement for expenses.

Sec. 7. [MINNESOTA PROJECT OUTREACH CORPORATION.]

Minnesota Project Outreach Corporation is abolished. Minnesota Technology, Inc. is the legal successor in all respects to Minnesota Project Outreach Corporation established under Minnesota Statutes, section 116O.091. All assets and liabilities of Minnesota Project Outreach Corporation are transferred to Minnesota Technology, Inc.

Sec. 8. [REPEALER.]

Minnesota Statutes 1992, section 116O.092, is repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 3 are effective July 1, 1993. Section 6 is effective the day following final enactment. Sections 4, 5, 7, and 8 are effective July 1, 1994."

Delete the title and insert:

"A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, sections 116L.03, subdivisions 1 and 2; 116L.05, by adding a subdivision; 116O.091; and 116O.15; repealing Minnesota Statutes 1992, section 116O.092."

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

House Conferees: RICHARD "RICK" KRUEGER, PETER RODOSOVICH AND GENE PELOWSKI, JR.

Senate Conferees: STEVEN MORSE, PHIL J. RIVENESS AND LEROY A. STUMPF.

Krueger moved that the report of the Conference Committee on H. F. No. 1658 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1658, A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

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

Those who voted in the negative were:

Bertram

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 795

A bill for an act relating to insurance; no-fault auto; excluding certain vehicles from the right of indemnity granted by the no-fault act; amending Minnesota Statutes 1992, section 65B.53, subdivision 1.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 795, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 795 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 65B.53, subdivision 1, is amended to read:

Subdivision 1. A reparation obligor paying or obligated to pay basic or optional economic loss benefits is entitled to indemnity subject to the limits of the applicable residual liability coverage from a reparation obligor providing residual liability coverage on a commercial vehicle of more than 5,500 pounds curb weight if negligence in the operation, maintenance or use of the commercial vehicle was the direct and proximate cause of the injury for which the basic economic loss benefits were paid or payable to the extent that the insured would have been liable for damages but for the deduction provisions of section 65B.51, subdivision 1.

For purposes of this subdivision, a "commercial vehicle of more than 5,500 pounds curb weight" does not include a vehicle listed in section 65B.47, subdivision 1a.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective August 1, 1993, and applies to all causes of action arising on or after that date."

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

House Conferees: LOREN JENNINGS, LEO J. REDING AND TOM OSTHOFF.

Senate Conferees: ELLEN R. ANDERSON, KEVIN M. CHANDLER AND DAVID L. KNUTSON.

Lasley moved that the report of the Conference Committee on H. F. No. 795 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 795, A bill for an act relating to insurance; no-fault auto; excluding certain vehicles from the right of indemnity granted by the no-fault act; amending Minnesota Statutes 1992, section 65B.53, subdivision 1.

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

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

Those who voted in the affirmative were:

Abrams	Bauerly	Bishop	Carruthers	Davids	Erhardt	Girard
Anderson, I.	Beard	Blatz	Clark	Dehler	Evans	Goodno
Anderson, R.	Bergson	Brown, C.	Commers	Delmont	Farrell	Greenfield
Asch	Bertram	Brown, K.	Cooper	Dempsey	Frerichs	Greiling
Battaglia	Bettermann	Carlson	Dauner	Dorn	Garcia	Gruenes

Gutknecht	Kahn	Lindner	Murphy	Pauly	Sekhon	Van Dellen
Hasskamp	Kalis	Lourey	Neary	Pawlenty	Simoneau	Vellenga
Haukoos	Kelley	Luther	Nelson	Pelowski	Skoglund	Vickerman
Hausman	Kelso	Lynch	Ness	Perlt	Smith	Wagenius
Holsten	Kinkel	Macklin	Olson, E.	Peterson	Solberg	Waltman
Hugoson	Klinzing	Mahon	Olson, K.	Pugh	Sparby	Weaver
Huntley	Knickerbocker	Mariani	Olson, M.	Reding	Stanisus	Wejcman
Jacobs	Koppendrayer	McCollum	Onnen	Rest	Steensma	Welle
Jaros	Krinkie	McGuire	Opatz	Rhodes	Sviggum	Wenzel
Jefferson	Krueger	Milbert	Orenstein	Rice	Swenson	Winter
Jennings	Lasley	Molnau	Orfield	Rodosovich	Tomassoni	Wolf
Johnson, A.	Leppik	Morrison	Osthoff	Rukavina	Tompkins	Worke
Johnson, R.	Lieder	Mosel	Ostrom	Sarna	Trimble	Workman
Johnson, V.	Limmer	Munger	Ozment	Seagren	Tunheim	Spk. Long

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

SPECIAL ORDERS

S. F. No. 663 was reported to the House.

Johnson, R.; Wejcman and Blatz moved to amend S. F. No. 663, the unofficial engrossment, as follows:

Page 1, line 13, delete the second "has been" and insert a colon

Page 1, delete lines 14 and 15, and insert:

"(1) has been convicted of treason or a felony and the person's civil rights have not been restored;

(2) is under guardianship of the person; or

(3) has been found by a court of law to be legally incompetent;"

Page 1, line 16, delete "competent."

The motion prevailed and the amendment was adopted.

Lasley offered an amendment to S. F. No. 663, the unofficial engrossment, as amended.

POINT OF ORDER

Koppendrayer raised a point of order pursuant to rule 3.09 that the Lasley amendment was not in order. Speaker pro tempore Bauerly ruled the point of order well taken and the amendment out of order.

S. F. No. 663, A bill for an act relating to elections; authorizing the filing officer to keep from the ballot the name of a person who is a convicted felon, under guardianship, or found incompetent; amending Minnesota Statutes 1992, section 204B.10, 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 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Anderson, I., moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

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

There being no objection, the order of business advanced to Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Dehler moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Friday, May 14, 1993, when the vote was taken on the final passage of S. F. No. 1496, as amended by Conference." The motion prevailed.

Erhardt moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Saturday, May 15, 1993, when the vote was taken on the repassage of H. F. No. 623, as amended by the Senate." The motion prevailed.

Haukoos moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Saturday, May 15, 1993, when the vote was taken on the repassage of S. F. No. 1368, as amended." The motion prevailed.

Jefferson moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Saturday, May 15, 1993, when the vote was taken on the final passage of S. F. No. 376." The motion prevailed.

Leppik moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Friday, May 14, 1993, when the vote was taken on the repassage of H. F. No. 584, as amended by Conference." The motion prevailed.

Leppik moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Friday, May 14, 1993, when the vote was taken on the repassage of H. F. No. 1709, as amended by Conference." The motion prevailed.

Molnau moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Saturday, May 15, 1993, when the vote was taken on the final passage of S. F. No. 131, as amended." The motion prevailed.

Luther moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Monday, May 17, 1993, when the vote was taken on the repassage of H. F. No. 1415, as amended by the Senate." The motion prevailed.

Hasskamp moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Monday, May 17, 1993, when the vote was taken on the repassage of S. F. No. 694, as amended by Conference." The motion prevailed.

Bertram moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Monday, May 17, 1993, when the vote was taken on the repassage of H. F. No. 1658, as amended by Conference." The motion prevailed.

Luther moved that her name be stricken and the name of Vellenga be added as chief author on H. F. No. 125. The motion prevailed.

Solberg moved that H. F. No. 1662 be returned to its author. The motion prevailed.

Rest moved that H. F. No. 1731 be returned to its author. The motion prevailed.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1253, A bill for an act relating to energy; cogeneration and small power production; providing for establishment of prices paid for utilities' avoided capacity and energy costs; providing that the public utilities commission establish a preference for renewable resource energy production; amending Minnesota Statutes 1992, sections 216B.164, subdivision 4; 216B.2421, subdivision 1; and 216B.62, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 216B.

PATRICK E. FLAHAVER, Secretary of the Senate

Madam Speaker:

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

House Concurrent Resolution No. 3, A concurrent resolution relating to adjournment of the House of Representatives and Senate until 1994.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

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

H. F. No. 795, A bill for an act relating to insurance; no-fault auto; excluding certain vehicles from the right of indemnity granted by the no-fault act; amending Minnesota Statutes 1992, section 65B.53, subdivision 1.

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

Madam Speaker:

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

H. F. No. 1225, A bill for an act relating to agriculture; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; exempting certain pesticides from the ACRRRA surcharge; requiring a report; appropriating money; repealing the hazardous substance labeling act; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.135; 18B.14, subdivision 2; 18B.26, subdivision 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18E.03, subdivisions 2 and 5; 21.85, subdivision 10; 325F.19, subdivision 7; repealing Minnesota Statutes 1992, sections 18B.07, subdivision 3; 18C.211, subdivision 3; 18C.215, subdivision 3; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; 24.42; 25.46; and 25.47.

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

Madam Speaker:

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

H. F. No. 1658, A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

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

Madam Speaker:

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

S. F. No. 1368.

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. 1368

A bill for an act relating to the environment; imposing criminal penalties for knowing violations of air pollution requirements; amending Minnesota Statutes 1992, section 609.671, subdivisions 9 and 12.

May 17, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1368, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from the Kahn and Hausman amendment labeled HDA-472, adopted by the House on May 15, 1993, and that the Senate concur in the Munger amendment labeled HDA-458, adopted by the House on May 15, 1993.

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

Senate Conferees: KEVIN M. CHANDLER, GENE MERRIAM AND DAVID L. KNUTSON.

House Conferees: MYRON ORFIELD, PHYLLIS KAHN AND DENNIS OZMENT.

Orfield moved that the report of the Conference Committee on S. F. No. 1368 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1368, A bill for an act relating to the environment; imposing criminal penalties for knowing violations of air pollution requirements; amending Minnesota Statutes 1992, section 609.671, subdivisions 9 and 12.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Asch	Beard	Bettermann	Brown, C.	Carruthers	Cooper
Anderson, I.	Battaglia	Bergson	Bishop	Brown, K.	Clark	Dauner
Anderson, R.	Bauerly	Bertram	Blatz	Carlson	Commers	Davids

Dawkins	Haukoos	Kinkel	Mariani	Opatz	Rodosovich	Trimble
Dehler	Hausman	Klinzing	McCollum	Orenstein	Rukavina	Tunheim
Delmont	Holsten	Knickerbocker	McGuire	Orfield	Sarna	Van Dellen
Dempsey	Hugoson	Koppendrayer	Milbert	Osthoff	Seagren	Vellenga
Dorn	Huntley	Krinkie	Molnau	Ostrom	Sekhon	Vickerman
Evans	Jacobs	Krueger	Morrison	Ozment	Simoneau	Wagenius
Farrell	Jaros	Lasley	Mosel	Pauly	Skoglund	Waltman
Frerichs	Jefferson	Leppik	Munger	Pawlenty	Smith	Weaver
Garcia	Jennings	Lieder	Murphy	Pelowski	Solberg	Wejzman
Girard	Johnson, A.	Limmer	Neary	Perlt	Sparby	Welle
Goodno	Johnson, R.	Lindner	Nelson	Peterson	Stanius	Wenzel
Greenfield	Johnson, V.	Lourey	Ness	Pugh	Steensma	Winter
Greiling	Kahn	Luther	Olson, E.	Reding	Sviggum	Wolf
Gruenes	Kalis	Lynch	Olson, K.	Rest	Swenson	Worke
Gutknecht	Kelley	Macklin	Olson, M.	Rhodes	Tomassoni	Workman
Hasskamp	Kelso	Mahon	Onnen	Rice	Tompkins	Spk. Long

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

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Solberg requested immediate consideration of S. F. No. 553.

S. F. No. 553 was reported to the House.

Reding moved to amend S. F. No. 553, the unofficial engrossment, as follows:

Delete the amendments adopted by the House on Saturday, May 15, 1993, from the committee on rules and legislative administration so that the resulting language is identical to Senate File No. 553, the third engrossment.

The motion prevailed and the amendment was adopted.

S. F. No. 553, A bill for an act relating to retirement; Minneapolis and St. Paul teacher retirement fund associations; providing additional funding from various sources; assessing active and retired members for certain teacher retirement fund associations supplemental administrative expenses; modifying certain post retirement adjustments; authorizing contributions by the city of Minneapolis; appropriating money; authorizing certain tax levies by special school district No. 1; amending Minnesota Statutes 1992, sections 354A.12, subdivisions 2, 2a, and by adding subdivisions; and Laws 1959, chapter 462, section 3, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 354A; repealing Laws 1987, chapter 372, article 3, section 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 118 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Abrams	Bertram	Commers	Evans	Gruenes	Jefferson	Kelso
Anderson, I.	Bishop	Cooper	Farrell	Hasskamp	Jennings	Kinkel
Anderson, R.	Blatz	Dauner	Frerichs	Haukoos	Johnson, A.	Klinzing
Asch	Brown, C.	Dawkins	Garcia	Hausman	Johnson, R.	Knickerbocker
Battaglia	Brown, K.	Dehler	Girard	Holsten	Johnson, V.	Koppendrayer
Bauerly	Carlson	Delmont	Goodno	Huntley	Kahn	Krueger
Beard	Carruthers	Dorn	Greenfield	Jacobs	Kalis	Lasley
Bergson	Clark	Erhardt	Greiling	Jaros	Kelley	Leppik

Lieder	Milbert	Opatz	Peterson	Seagren	Swenson	Weaver
Lourey	Morrison	Orenstein	Pugh	Sekhon	Tomassoni	Wejcman
Luther	Munger	Orfield	Reding	Simoneau	Tompkins	Welle
Lynch	Murphy	Osthoff	Rest	Skoglund	Trimble	Wenzel
Macklin	Neary	Ostrom	Rhodes	Smith	Tunheim	Winter
Mahon	Nelson	Ozment	Rice	Solberg	Van Dellen	Wolf
Mariani	Ness	Pauly	Rodosovich	Sparby	Vellenga	Workman
McCollum	Olson, E.	Pelowski	Rukavina	Stanisus	Vickerman	Spk. Long
McGuire	Olson, K.	Perlt	Sarna	Steensma	Wagenius	

Those who voted in the negative were:

Bettermann	Gutknecht	Limmer	Mosel	Sviggum
Davids	Hugoson	Lindner	Olson, M.	Waltman
Dempsey	Krinkie	Molnau	Onnen	Worke

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

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1749

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; authorizing state bonding; appropriating money; amending Minnesota Statutes, section 16B.24, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124C; and 137.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1749, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1749 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [CAPITAL IMPROVEMENTS APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund, or other named fund, to the state agencies or officials indicated, to be spent to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this act.

SUMMARY

TECHNICAL COLLEGES	\$ 667,000
COMMUNITY COLLEGES	1,367,000
STATE UNIVERSITIES	1,161,000
UNIVERSITY OF MINNESOTA	2,000,000

K-12 EDUCATION	12,000,000
HUMAN SERVICES	8,765,000
CORRECTIONS	9,812,000
ADMINISTRATION	11,255,000
PUBLIC FACILITIES AUTHORITY	4,000,000
POLLUTION CONTROL AGENCY	11,000,000
TRANSPORTATION	9,900,000
HISTORICAL SOCIETY	150,000
VETERANS HOMES BOARD	400,000
BOND SALE EXPENSES	63,000
CANCELLATIONS	(8,115,000)
TOTAL	\$64,425,000
Bond Proceeds Fund	54,640,000
Transportation Fund	9,900,000
Maximum Effort School Loan Fund	5,000,000
Trunk Highway Fund	3,000,000
Cancellations	(8,115,000)

APPROPRIATIONS

\$

Sec. 2. TECHNICAL COLLEGES

Subdivision 1. To the state board of technical colleges for the purposes specified in this section

667,000

Notwithstanding Minnesota Statutes, section 475.61, subdivision 4, the state board of technical colleges may approve a request by a local school board to use any unobligated balance in the technical college debt redemption fund to pay the district's share of construction projects authorized in this section.

Notwithstanding Minnesota Statutes, section 136C.44, during the biennium the state board of technical colleges must not make grants to school districts but shall directly supervise and control the preparation of plans and specifications to construct, alter, or enlarge the technical college buildings, structures, and improvements provided for in this section.

During the biennium, the state board may delegate the authority provided in this section to the campus president for repair and

APPROPRIATIONS
\$

replacement projects with a total cost of less than \$50,000, if the state board determines that the projects can be efficiently managed at the campus level.

The state board may delegate responsibilities to technical college staff.

Subd. 2. Capital Asset Preservation and Repair 413,000

This appropriation is for roof repair and replacement, code compliance, critically needed repair of buildings, hazardous material and asbestos abatement, tank removal and replacement, emergency lighting, parking lots, and handicap access throughout the technical college system.

Subd. 3. Thief River Falls Technical College 254,000

To install a new water main to meet code requirements.

Subd. 4. Dakota County Technical College

Dakota County Technical College may complete the decision driving course using local money.

Subd. 5. Red Wing Technical College

Up to \$500,000 of proceeds from the sale of the Towerview campus is appropriated to the state board of technical colleges to remodel and improve the Red Wing campus to house the programs moved from the Towerview campus.

Sec. 3. COMMUNITY COLLEGES

Subdivision 1. To the state board for community colleges for the purposes specified in this section

1,367,000

Subd. 2. Capital Asset Preservation and Repair

667,000

This appropriation is for code compliance, critically needed repair of buildings, roof replacement and repair, hazardous material and asbestos abatement, mechanical/electrical system rehabilitation, emergency lighting, parking lots, and handicap access throughout the community college system.

Subd. 3. University Center at Rochester

700,000

For capital equipment at the new university center.

Sec. 4. STATE UNIVERSITIES

Subdivision 1. To the state university board for the purposes specified in this section

1,161,000

Subd. 2. Capital Asset Preservation and Repair

466,000

This appropriation is for code compliance, critically needed repair of buildings, hazardous material and asbestos abatement, parking

APPROPRIATIONS

\$

lots, and roof repair and replacement throughout the state university system.

Subd. 3. St. Cloud State University 200,000

Plan for new boiler.

Subd. 4. Land Acquisition 495,000

To acquire land for the campuses of Metropolitan state university, Moorhead state university, and St. Cloud state university. At least \$400,000 is available for land acquisition at Metropolitan state university.

Up to \$123,000 of the unencumbered balance remaining from the money appropriated in Laws 1989, chapter 300, article 1, section 4, subdivision 6, to repair the exterior of the business building at St. Cloud State University may be used to acquire additional land adjacent to or in the vicinity of St. Cloud State campus.

Sec. 5. UNIVERSITY OF MINNESOTA 2,000,000

To the regents of the University of Minnesota for the purposes specified in this section

This appropriation is for code compliance, critically needed repair of buildings, hazardous material and asbestos abatement, emergency lighting, water pipe repair, and improved handicap access throughout the university system.

Sec. 6. EDUCATION

Subdivision 1. To the commissioner of education for the purposes specified in this section 12,000,000

Subd. 2. Maximum Effort School Loans 5,000,000

To the commissioner of education from the maximum effort school loan fund to make capital loans to school districts as provided in Minnesota Statutes, sections 124.36 to 124.46.

The commissioner shall review the proposed plan and budget of the project and may reduce the amount of the loan to ensure that the project will be economical. The commissioner may recover the cost incurred by the commissioner for any professional services associated with the final review by reducing the proceeds of the loan paid to the district.

\$7,967,000 is approved for a capital loan to independent school district No. 707, Nett Lake, of which \$5,000,000 is included in this appropriation.

Subd. 3. School District Construction Grant - Grant County 6,000,000

This appropriation is from the bond proceeds fund for a cooperative secondary facilities grant under Minnesota Statutes, sections 124.491

APPROPRIATIONS
\$

to 124.495. Notwithstanding those sections, the commissioner of education shall award the grant to the group of districts that make up the Grant county project, consisting of independent school district Nos. 209, Kensington; 262, Barrett; 263, Elbow Lake-Wendell; and 265, Hoffman.

Subd. 4. Architectural Barriers Grants

1,000,000

\$1,000,000 is for grants under sections 20 to 23. Up to \$25,000 of this appropriation is available to the department of education for administrative expenses specifically related to the disbursement of the grants. The department may contract for these services.

Sec. 7. HUMAN SERVICES

Subdivision 1. To the commissioner of administration for the purposes listed in this section

8,765,000

Subd. 2. St. Peter Regional Treatment Center

400,000

This appropriation is added to the appropriation in Laws 1992, chapter 558, section 8, subdivision 2, and shall be used to plan, design, construct, and equip a 50-bed facility at the Minnesota security hospital for psychopathic personality patients and for mentally ill and dangerous patients. The facility must be built to psychopathic personality licensing standards.

Subd. 3. Design of Psychopathic Personality Facilities

In order to expedite the design of the psychopathic personality facilities at both Moose Lake and St. Peter, the commissioner of administration may select for both projects the design firm originally selected for the psychopathic personality facility authorized in Laws 1992, section 8, subdivision 2, without further procedures under Minnesota Statutes, section 16B.33.

Subd. 4. St. Peter Regional Treatment Center

115,000

For remodeling the kitchen, including kitchen fixtures, at the regional treatment center at St. Peter.

Subd. 5. Moose Lake Regional Treatment Center

7,250,000

To plan, design, construct, and equip a new supervised living facility for 100 psychopathic personality patients adjacent to the Moose Lake regional treatment center.

The total cost for this project must not exceed \$20,050,000. This appropriation is added to the appropriation in Laws 1992, chapter 558, section 8, subdivision 6.

In accordance with Minnesota Statutes, section 15.16, the commissioners of human services and natural resources shall develop a recommendation by July 15, 1993, for transferring custodial control of state land necessary to properly site the new psychopathic personality facility at Moose Lake.

APPROPRIATIONS

\$

Construction on the 100 unit facility at Moose Lake for psychopathic personality patients must not be commenced until construction has been commenced on the 50-bed facility at St. Peter provided for in subdivision 2, except that this limitation does not restrict site preparation.

The commissioner of administration shall report to the legislature by February 1, 1994, on the progress on both of the authorized facilities for psychopathic personality patients and related projects.

Subd. 6. Brainerd Regional Human Services Center 700,000

To plan, design, equip, and remodel the Brainerd regional human services center to accommodate 75 patients to be transferred from the Moose Lake regional treatment center.

The unencumbered balance of the appropriation in Laws 1990, chapter 610, article 1, section 12, subdivision 7, that is for remodeling at Brainerd, estimated to be \$1,409,000, must also be used for this facility.

Subd. 7. Cambridge Regional Human Services Center 300,000

To remodel Boswell Hall so that services for clients at the Cambridge center can be consolidated and moved from older buildings, and to bring Boswell Hall into compliance with life safety building codes and program licensure standards.

This appropriation must not be used to prepare space for or to move clients from another regional treatment center to the Cambridge center.

Sec. 8. CORRECTIONS

Subdivision 1. To the commissioner of administration for the purposes listed in this section 9,812,000

Subd. 2. Minnesota Correctional Facility at Willow River/Moose Lake 9,600,000

To convert the Moose Lake regional treatment center to a medium security prison housing up to 620 inmates, to meet safety codes, to design and construct a prison industry building and to design a gym building. This amount may be spent for design, engineering, construction, remodeling of existing buildings, and for fencing and security improvements. The total cost of the project must not exceed \$25,800,000.

Subd. 3. Minnesota Correctional Facility - Red Wing 212,000

To plan to replace Dayton Cottage with a 30-bed residential facility for the secure detention of violent and predatory juvenile offenders until they are able to control their behavior in an open campus environment. The total cost of the project must not exceed \$3,020,000.

APPROPRIATIONS
\$

Sec. 9. ADMINISTRATION

Subdivision 1. To the commissioner of administration for purposes specified in this section 11,255,000

Subd. 2. Sewer Separation 1,300,000

To separate the sanitary and storm sewers in the capitol area under state jurisdiction in conjunction with the combined sewer overflow program established by the 1985 legislature.

Subd. 3. Arden Hills State Facilities 285,000

To provide funding for new water, sewer, and fire safety service for the surplus property facility and public safety training center in Arden Hills.

Subd. 4. Transportation Building 3,000,000

This appropriation is from the trunk highway fund for partial renovation of the transportation building. Authorized expenditures include renovation of the seventh and eighth floors, purchase and installation of basic mechanical and electrical equipment for all floors, and removal of hazardous waste materials. Of this appropriation, \$80,000 is for relocation within the transportation building.

Subd. 5. Judicial Center - Phase IIb 6,670,000

To complete the renovation of the old historical society building to meet the facility and program needs of the new judicial center.

Sec. 10. PUBLIC FACILITIES AUTHORITY 4,000,000

To the public facilities authority for the state match to federal grants to capitalize the state water pollution control revolving fund under Minnesota Statutes, section 446A.07.

Sec. 11. POLLUTION CONTROL AGENCY 11,000,000

To the commissioner of the pollution control agency for the state share of combined sewer overflow grants under Minnesota Statutes, section 116.162, for projects begun during fiscal years 1993 or 1994.

The city of St. Paul shall use all revenues derived from its clawback funding of sewer financing only for sewer separation projects that directly result in the elimination of combined sewer overflow.

Under Minnesota Statutes, section 446A.071, subdivision 8, the pollution control agency shall transfer all free, unencumbered balances from appropriations in Laws 1987, chapter 400, section 7, clause (a); Laws 1989, chapter 300, article 1, section 17, clause (b); and Laws 1990, chapter 610, article 1, section 22, clauses (c) and (d), to the public facilities authority for use in the wastewater infrastructure funding program. The transfer shall be made before July 1, 1993, except that up to \$100,000 need not be transferred before September 30, 1995.

APPROPRIATIONS
\$

Sec. 12. NATURAL RESOURCES

Subdivision 1. Stillwater Flood Control Project

\$200,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources for a grant to the city of Stillwater for up to one half of the required nonfederal share of the construction of a flood control levee. This funding is contingent upon passage of the federal appropriation.

Subd. 2. State Forest Inholdings

\$60,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources to acquire inholdings in an existing state forest.

Subd. 3. Dam Repair and Replacement

\$100,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources for the emergency repair of the publicly-owned Stewartville dam under Minnesota Statutes, section 103G.511.

Subd. 4. Wildlife Management Areas

\$90,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources to complete the acquisition of Byrne lake in Swift county so that it may be established as a wildlife management area.

Subd. 5. Split Rock Creek Dam

\$350,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources for emergency repair of the Split Rock Creek dam.

Sec. 13. BOARD OF WATER AND SOIL RESOURCES

Subdivision 1. Conservation Reserve

\$500,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the board of water and soil resources for the reinvest in Minnesota conservation reserve program under Minnesota Statutes, section 103F.515.

Subd. 2. Redwood River Dam Land Acquisition

\$250,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the board of water and soil resources

APPROPRIATIONS
\$

for the southern Minnesota rivers basin area II program under Minnesota Statutes, sections 103F.171 to 103F.187. This is for land acquisition for the RW-22 project in Lyon county.

Sec. 14. TRANSPORTATION

Subdivision 1. To the commissioner of transportation for the purposes specified in this section

9,900,000

Subd. 2. Bloomington Ferry Bridge

6,900,000

This appropriation is from the state transportation fund as provided in Minnesota Statutes, section 174.50, to the commissioner of transportation to match federal funds to complete the Bloomington ferry bridge.

Subd. 3. Local Bridge Replacement and Rehabilitation

3,000,000

This appropriation is from the state transportation fund.

The commissioner of transportation shall make grants to political subdivisions for the construction and reconstruction of key bridges on highways and streets under their jurisdiction.

The grants may be used by a political subdivision to construct and reconstruct key bridges under its jurisdiction; match federal aid grants for construction and reconstruction of the bridges; pay the costs of preliminary engineering and environmental studies for the bridges; pay the costs of abandoning an existing bridge that is deficient and is in need of replacement, but where no replacement is made; and pay the cost of constructing a road or street that would facilitate the abandonment of an existing deficient bridge. The construction of the road or street must be judged by the commissioner to be more economical than the reconstruction or replacement of the existing bridge.

Sec. 15. HISTORICAL SOCIETY

150,000

This appropriation is for matching funds for emergency capital improvements to publicly owned county and publicly owned local historical societies' buildings. The state's share must not exceed 50 percent of the cost of each project.

Sec. 16. VETERANS HOMES BOARD

400,000

To the veterans homes board for architectural design, engineering, and structural analysis for the renovation of the Minneapolis veterans home campus.

The veterans home board may apply for federal participation in the renovation of the Minneapolis veterans home campus.

The veterans home board may use the unencumbered balance remaining from the appropriation in Laws 1990, article 1, chapter 610, section 9, for life safety improvements at the Minneapolis veterans home.

APPROPRIATIONS
\$

Sec. 17. BOND SALE EXPENSES

63,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 18. BOND SALE SCHEDULE

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 1995, no more than \$457,455,000 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 outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold, 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. 19. [BOND SALE AUTHORIZATION.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to \$54,640,000 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. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to \$9,900,000 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. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Subd. 3. [MAXIMUM EFFORT SCHOOL LOAN FUND.] To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to \$5,000,000 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. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Sec. 20. [124C.71] [SCHOOL BUILDING ACCESSIBILITY CAPITAL IMPROVEMENT GRANT ACT.]

Sections 20 to 22 may be cited as the "school building accessibility capital improvement grant act."

Sec. 21. [124C.72] [APPROVAL; APPLICATION FORMS.]

Subdivision 1. [APPROVAL BY COMMISSIONER.] The commissioner of education may approve or disapprove applications under section 22. The grant money must be used only to remove architectural barriers from a building or site.

Subd. 2. [APPLICATION FORMS.] The commissioner of education shall prepare application forms and establish application dates.

Subd. 3. [MATCH.] A district applying for a grant under this section must match the grant with local district funds.

Sec. 22. [124C.73] [GRANT APPLICATION PROCESS.]

Subdivision 1. [QUALIFICATION.] A school district that meets the criteria required under subdivision 2 may apply for a grant in an amount up to 50 percent of the approved costs of removing architectural barriers from a building or site.

Subd. 2. [PROJECT REVIEW.] The commissioner, in consultation with the Minnesota state council on disability, shall review applications for grants. A school district must apply by July 1 of each year in order to be considered for a grant.

Subd. 3. [AWARD OF GRANTS.] (a) The commissioner shall examine and consider all applications for grants, and if a district is found not qualified, the commissioner shall promptly notify the district board. The commissioner shall give first priority to school districts that have entered into the cooperation and combination process under sections 122.241 to 122.248, or that have consolidated since January 1, 1987. The commissioner shall further prioritize grants on the basis of the following: the district's tax burden, the long-term feasibility of the project, the suitability of the project, and the district's need for the project. If the total amount of the applications exceeds the amount that is or can be made available, the commissioner shall award grants according to the commissioner's judgment and discretion and based upon a ranking of the projects according to the factors listed above. The commissioner shall promptly certify to each district the amount, if any, of the grant awarded to it.

(b) For fiscal year 1994, the commissioner may develop criteria in addition to the factors listed in paragraph (a), in order to award demonstration grants.

Subd. 4. [MATCHING REVENUE.] Upon being awarded a grant under subdivision 3, the board shall determine the need for additional revenue. If the board determines that the local match cannot be made from existing revenue, the board may levy according to section 124.84.

Subd. 5. [PROJECT BUDGET.] A district that receives a grant must provide the commissioner with the project budget and any other information the commissioner requests.

Sec. 23. [1994 GRANTS.]

For fiscal year 1994 only, grants under section 22 may not exceed the lesser of 50 percent of the approved costs of the project or \$150,000.

Sec. 24. [SALE OF WASECA CAMPUS.]

Notwithstanding any other law, the board of regents of the University of Minnesota may sell all or part of the land, buildings, and improvements at the Waseca campus to the city of Waseca or other political subdivision in which the campus is located for use for a public purpose, provided that the sale must be subject to the terms and conditions which the commissioner of finance imposes to ensure that the transfer of the property will not affect the validity of or cause the interest on state general obligation bonds issued to finance improvements at the campus to become taxable under the federal tax code. The board of regents must use any proceeds from the sale for capital improvements and report the amount of any proceeds to the education committees of the legislature.

Sec. 25. [CANCELLATIONS AND REDUCTIONS.]

Subdivision 1. [RUSH CITY SCHOOL DISTRICT CAPITAL LOAN.] The approval of a capital loan to independent school district No. 139, Rush City, authorized in Laws 1992, chapter 558, section 7, subdivision 6, is canceled. The bond authorization in Laws 1992, chapter 558, section 28, subdivision 2, is reduced by \$2,130,000, the amount of the canceled loan.

Subd. 2. [INTERSTATE SUBSTITUTION.] The unencumbered balance remaining at the end of fiscal year 1993 in the appropriation in Laws 1985, First Special Session, chapter 15, section 9, subdivision 7, is canceled. The bond authorization in Laws 1985, First Special Session, chapter 15, section 21, subdivision 3, is reduced by \$235,000.

Subd. 3. [CAMBRIDGE REGIONAL CENTER.] The unencumbered balance remaining at the end of fiscal year 1993 in the appropriation in Laws 1987, chapter 400, section 22, subdivision 8, is canceled. The bond authorization in Laws 1987, chapter 400, section 25, subdivision 1, is reduced by \$700,000.

Subd. 4. [1990; HOLMENKOLLEN SKI JUMP.] The unencumbered balance remaining at the end of fiscal year 1993 in the appropriation in Laws 1990, chapter 610, article 1, section 25, clause (a), is canceled. The bond authorization in Laws 1990, chapter 610, article 1, section 30, subdivision 1, is reduced by \$2,500,000.

Subd. 5. [DULUTH PORT DREDGING.] With the mutual consent by July 1, 1993, of the commissioner of trade and economic development, the seaway port authority of Duluth, the U.S. Army Corps of Engineers, and any private parties who have pledged private investment to match the \$6,100,000 appropriated in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, the commissioner of finance shall reduce the appropriation to \$2,000,000. The appropriation is available to the extent it is matched, dollar for dollar, by federal money. No private match is required. If the appropriation is reduced to \$2,000,000, then \$1,550,000 is reappropriated as provided in sections 12 and 13. The bond sale authorization in Laws 1989, chapter 300, article 1, section 23, subdivision 1, is reduced by \$2,550,000.

Sec. 26. [PROJECT CANCELLATIONS.]

The commissioner of finance, after consultation with the commissioner of administration and affected agencies, shall cancel appropriations for capital improvement projects that have been completed and shall recommend to the legislature for action at the 1994 session the cancellation of any excess bond authorizations for projects that have been completed or abandoned.

Sec. 27. Laws 1990, chapter 610, article 1, section 12, subdivision 4, is amended to read:

Subd. 4. State-operated community-based residences

1,000,000

This appropriation is to plan, and design, and to renovate or, construct two, lease, or purchase state-operated community-based residences residential facilities for people with mental illness. Each facility must be located in conformance with deconcentration requirements. One facility must be located in the Twin Cities metropolitan area, must have no more than 16 beds, and must serve adults. One facility must be located outside the Twin Cities metropolitan area, must have 10 beds, and must serve adolescents. Before beginning construction, the commissioner shall consult with the chairs of the Health and Human Services Finance Division of the House Appropriations Committee of Representatives and the Health Care and Human Family Services Division of the Senate Finance Committee.

Sec. 28. [EFFECTIVE DATE.]

This act is effective the day after its final enactment."

Delete the title and insert:

"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; authorizing issuance of bonds and canceling previous authorizations; appropriating money, with certain conditions and reducing certain appropriations; amending Laws 1990, chapter 610, article 1, section 12, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 124C."

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

House Conferees: HENRY J. KALIS, LOREN A. SOLBERG, LEO J. REDING, STEVE TRIMBLE AND DAVE BISHOP.

Senate Conferees: GENE MERRIAM, JIM VICKERMAN, CAL LARSON, PHIL J. RIVENESS AND RANDY C. KELLY.

Kalis moved that the report of the Conference Committee on H. F. No. 1749 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1749, 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; authorizing state bonding; appropriating money; amending Minnesota Statutes, section 16B.24, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124C; and 137.

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 130 yeas and 4 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Abrams	Limner	Rest	Van Dellen
--------	--------	------	------------

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

SPECIAL ORDERS

S. F. No. 1114 was reported to the House.

Pugh moved that S. F. No. 1114 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 1297, A bill for an act relating to occupations and professions; board of architecture, engineering, land surveying, landscape architecture, and certified interior designer; establishing a procedure for issuance, denial, revocation, and suspension of licenses; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 326.

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

The bill was passed and its title agreed to.

H. F. No. 323 was reported to the House.

There being no objection, H. F. No. 323 was continued on Special Orders. The motion prevailed.

S. F. No. 785 was reported to the House.

Krinkie moved to amend S. F. No. 785, as follows:

Page 2, after line 35, insert:

"Sec. 2. [179.241] [UNION MEMBERS RIGHT-TO-KNOW ACT.]

Subdivision 1. [NOTICE.] A labor organization shall provide an annual notice to its members no later than February 1 of their right to reduce the dues payable by them as a member of the union, or as an individual employed by an employer subject to a labor agreement containing a union security clause, by the same percentage as the percentage of the labor organization's revenues that are expended on lobbying, political contributions, distribution of publications, and advertising. The notice shall inform the members that they may reduce their obligation by this percentage amount by providing written notice to the union and to the employer deducting dues from their pay, if any, and that they will suffer no harm or retribution from the employer or the union for doing so.

Subd. 2. [ACCOUNTING.] A labor organization shall provide to its members an accounting of the actual dollar revenues spent by the labor organization in the preceding calendar year no later than February 1 the following year. The accounting shall include a line item for each of the following:

- (1) grievance processing;
- (2) contract negotiations;
- (3) political contributions;
- (4) lobbying;

- (5) Minnesota meeting attendance and travel costs;
- (6) out-of-state meeting attendance and travel costs;
- (7) dues and contributions to the national affiliate;
- (8) advertising;
- (9) production and distribution of publications; and
- (10) every item of expenditure constituting more than one percent of the total revenue of the labor organization.

If a labor organization fails to timely provide the account to its members, it shall be conclusively presumed that one-half of members' dues are expended on the activities listed in clauses (1) to (9) and other expenditures not directly related to the representation of members.

Subd. 3. [ACTION.] A member of a labor organization who is not provided a timely annual accounting or a notice of the employee's rights under this section by a labor organization shall have a cause of action for the amount of dues paid by the member in excess of the percentage of those dues dedicated to contract negotiations, grievance handling, and strike support, plus punitive damages in an amount of twice the dues, plus costs and attorneys' fees."

Page 4, after line 22, insert:

"Sec. 5. [179A.211] [UNION MEMBERS RIGHT-TO-KNOW ACT.]

Subdivision 1. [NOTICE.] A labor organization shall provide an annual notice to its members no later than February 1 of their right to reduce the dues payable by them as a member of the union, or as an individual employed by an employer subject to a labor agreement containing a union security clause, by the same percentage as the percentage of the labor organization's revenues that are expended on lobbying, political contributions, distribution of publications, and advertising. The notice shall inform the members that they may reduce their obligation by this percentage amount by providing written notice to the union and to the employer deducting dues from their pay, if any, and that they will suffer no harm or retribution from the employer or the union for doing so.

Subd. 2. [ACCOUNTING.] A labor organization shall provide to its members an accounting of the actual dollar revenues spent by the labor organization in the preceding calendar year no later than February 1 the following year. The accounting shall include a line item for each of the following:

- (1) grievance processing;
- (2) contract negotiations;
- (3) political contributions;
- (4) lobbying;
- (5) Minnesota meeting attendance and travel costs;
- (6) out-of-state meeting attendance and travel costs;
- (7) dues and contributions to the national affiliate;
- (8) advertising;
- (9) production and distribution of publications; and
- (10) every item of expenditure constituting more than one percent of the total revenue of the labor organization.

If a labor organization fails to timely provide the account to its members, it shall be conclusively presumed that one-half of members' dues are expended on the activities listed in clauses (1) to (9) and other expenditures not directly related to the representation of members.

Subd. 3. [ACTION.] A member of a labor organization who is not provided a timely annual accounting or a notice of the employee's rights under this section by a labor organization shall have a cause of action for the amount of dues

paid by the member in excess of the percentage of those dues dedicated to contract negotiations, grievance handling, and strike support, plus punitive damages in an amount of twice the dues, plus costs and attorneys' fees."

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 Krinkie amendment and the roll was called. There were 43 yeas and 89 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Johnson, V.	Lynch	Pauly	Tompkins	Workman
Bettermann	Girard	Krickerbocker	Macklin	Pawlenty	Van Dellen	
Blatz	Goodno	Koppendrayer	Molnau	Rhodes	Vickerman	
Commers	Gutknecht	Krinkie	Morrison	Seagren	Waltman	
Davids	Haukoos	Leppik	Ness	Stanius	Weaver	
Dehler	Holsten	Limmer	Olson, M.	Sviggum	Wolf	
Erhardt	Hugoson	Lindner	Onnen	Swenson	Worke	

Those who voted in the negative were:

Anderson, I.	Clark	Hausman	Klinzing	Neary	Pugh	Steensma
Anderson, R.	Cooper	Huntley	Krueger	Nelson	Reding	Tomassoni
Asch	Dauner	Jacobs	Lasley	Olson, E.	Rest	Trimble
Battaglia	Delmont	Jaros	Lieder	Olson, K.	Rice	Tunheim
Bauerly	Dempsey	Jefferson	Lourey	Opatz	Rodosovich	Vellenga
Beard	Dorn	Jennings	Luther	Orenstein	Rukavina	Wagenius
Bergson	Evans	Johnson, A.	Mahon	Orfield	Sarna	Wejzman
Bertram	Farrell	Johnson, R.	Mariani	Osthoff	Sekhon	Welle
Bishop	Garcia	Kahn	McCollum	Ostrom	Simoneau	Wenzel
Brown, C.	Greenfield	Kalis	McGuire	Ozment	Skoglund	Winter
Brown, K.	Greiling	Kelley	Milbert	Pelowski	Smith	Spk. Long
Carlson	Gruenes	Kelso	Munger	Pertl	Solberg	
Carruthers	Hasskamp	Kinkel	Murphy	Peterson	Sparby	

The motion did not prevail and the amendment was not adopted.

S. F. No. 785, A bill for an act relating to labor; establishing rights and duties in relation to union organization; providing that certain acts are an unfair labor practice; proposing penalties; amending Minnesota Statutes 1992, sections 179.12; 179A.07, by adding a subdivision; and 179A.13, 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 79 yeas and 51 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Beard	Carruthers	Delmont	Greenfield	Huntley	Jennings
Anderson, R.	Bergson	Clark	Evans	Greiling	Jacobs	Johnson, A.
Asch	Brown, K.	Cooper	Farrell	Hasskamp	Jaros	Johnson, R.
Battaglia	Carlson	Dauner	Garcia	Hausman	Jefferson	Johnson, V.

Kahn	Lourey	Munger	Ostrom	Rice	Solberg	Wenzel
Kalis	Luther	Murphy	Ozment	Rodosovich	Steensma	Winter
Kelley	Mahon	Neary	Pelowski	Rukavina	Tomassoni	Spk. Long
Kinkel	Mariani	Nelson	Perlt	Sarna	Trimble	
Klinzing	McCollum	Olson, E.	Peterson	Sekhon	Vellenga	
Krueger	McGuire	Orenstein	Pugh	Simoneau	Wagenius	
Lasley	Milbert	Orfield	Reding	Skoglund	Wejzman	
Lieder	Mosel	Osthoff	Rest	Smith	Welle	

Those who voted in the negative were:

Abrams	Dempsey	Haukoos	Limmer	Olson, M.	Sviggum	Wolf
Bauerly	Dorn	Holsten	Lindner	Onnen	Swenson	Worke
Bertram	Erhardt	Hugoson	Lynch	Opatz	Tompkins	Workman
Bettermann	Frerichs	Kelso	Macklin	Pauly	Tunheim	
Blatz	Girard	Knickerbocker	Molnau	Pawlenty	Van Dellen	
Commers	Goodno	Koppendraye	Morrison	Rhodes	Vickerman	
Dauids	Gruenes	Krinkie	Ness	Seagren	Waltman	
Dehler	Gutknecht	Leppik	Olson, K.	Stanius	Weaver	

The bill was passed and its title agreed to.

S. F. No. 544 was reported to the House.

Evans; Johnson, A.; Winter and Sarna offered an amendment to S. F. No. 544.

POINT OF ORDER

Goodno raised a point of order pursuant to rule 3.09 that the Evans et al amendment was not in order. The Speaker ruled the point of order well taken and the amendment out of order.

S. F. No. 544, A bill for an act relating to labor; providing that certain acts are an unfair labor practice; amending Minnesota Statutes 1992, sections 179.12; and 179A.13, 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 94 yeas and 37 nays as follows:

Those who voted in the affirmative were:

Abrams	Clark	Jaros	Lasley	Murphy	Pugh	Steensma
Anderson, I.	Cooper	Jefferson	Leppik	Neary	Reding	Tomassoni
Anderson, R.	Dauner	Jennings	Lieder	Nelson	Rest	Trimble
Asch	Delmont	Johnson, A.	Lourey	Olson, E.	Rice	Tunheim
Battaglia	Dorn	Johnson, R.	Luther	Olson, K.	Rodosovich	Vellenga
Bauerly	Evans	Kahn	Macklin	Opatz	Rukavina	Wagenius
Beard	Farrell	Kalis	Mahon	Orenstein	Sarna	Wejzman
Bergson	Garcia	Kelley	Mariani	Orfield	Seagren	Welle
Bertram	Greenfield	Kelso	McCollum	Osthoff	Sekhon	Wenzel
Bishop	Greiling	Kinkel	McGuire	Ostrom	Simoneau	Winter
Brown, C.	Hasskamp	Klinzing	Milbert	Ozment	Skoglund	
Brown, K.	Hausman	Knickerbocker	Morrison	Pelowski	Smith	
Carlson	Huntley	Koppendraye	Mosel	Perlt	Solberg	
Carruthers	Jacobs	Krueger	Munger	Peterson	Sparby	

Those who voted in the negative were:

Bettermann	Erhardt	Haukoos	Lindner	Pauly	Van Dellen	Workman
Blatz	Frerichs	Holsten	Lynch	Pawlenty	Vickerman	
Commers	Girard	Hugoson	Molnau	Rhodes	Waltman	
Dauids	Goodno	Johnson, V.	Ness	Stanius	Weaver	
Dehler	Gruenes	Krinkie	Olson, M.	Sviggum	Wolf	
Dempsey	Gutknecht	Limner	Onnen	Swenson	Worke	

The bill was passed and its title agreed to.

H. F. No. 187 was reported to the House.

Welle moved that H. F. No. 187 be continued on Special Orders. 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:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1650, A bill for an act relating to data privacy; eliminating a classification of legislators' telephone records; requiring the attorney general to seek recovery of wrongfully paid taxpayer money for telephone charges; amending Laws 1989, chapter 335, article 1, section 15, subdivision 3.

PATRICK E. FLAHAVER, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Anderson, I., moved that the House concur in the Senate amendments to H. F. No. 1650 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1650, A bill for an act relating to the organization and operation of state government; appropriating money for community development and certain agencies of state government, with certain conditions; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; eliminating or transferring certain agency powers and duties; requiring studies and reports; amending Minnesota Statutes 1992, sections 3.30, subdivision 2, as amended; 15.38, by adding a subdivision; 15.50, subdivision 2; 16A.128, subdivision 2; 16A.28, by adding a subdivision; 16A.72; 16B.06, subdivision 2a; 44A.01, subdivisions 2 and 4; 44A.025; 82.21, by adding a subdivision; 116J.617; 116J.982; 216B.62, subdivisions 3 and 5; 237.295, subdivision 2, and by adding a subdivision; 239.011, subdivision 2; 239.10; 239.791, subdivisions 6 and 8; 239.80, subdivisions 1 and 2; 257.0755; 268.022, subdivisions 1 and 2; 268.361, subdivisions 6 and 7; 268.362; 268.363; 268.364, subdivisions 1, 3, and by adding a subdivision; 268.365, subdivision 2; 268.55; 268.914, subdivision 1; 268.975, subdivisions 3, 4, 6, 7, 8, and by adding subdivisions; 268.976, subdivision 2; 268.978, subdivision 1; 268.98; 298.2211, subdivision 3; 298.2213, subdivision 4; 298.223, subdivision 2; 298.28, subdivision 7; 298.296, subdivision 1; 303.13, subdivision 1; 303.21, subdivision 3; 322A.16; 333.20, subdivision 4; 333.22, subdivision 1; 336.9-403; 336.9-404; 336.9-405; 336.9-406; 336.9-407; 336.9-413; 336A.04, subdivision 3; 336A.09, subdivision 2; 349A.10, subdivision 5; 359.01, subdivision 3; 359.02; 386.65; 386.66; 386.67; 386.68; 386.69; 462A.057, subdivision 1; 462A.21, by adding subdivisions; and 469.011, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 116J; 116M; 129D; 239; 268;

386; 462A; and 504; proposing coding for new law as Minnesota Statutes, chapter 138A; repealing Minnesota Statutes 1992, sections 44A.12; 138.97; 239.05, subdivision 2c; 239.52; 239.78; 268.365, subdivision 1; 268.914, subdivision 2; 268.977; 268.978, subdivision 3; 386.61, subdivision 3; 386.63; 386.64; and 386.70.

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 93 yeas and 38 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Cooper	Jacobs	Lieder	Olson, E.	Rice	Vellenga
Anderson, R.	Dauner	Jaros	Lourey	Olson, K.	Rodosovich	Vickerman
Asch	Davids	Jefferson	Luther	Orenstein	Rukavina	Wagenius
Battaglia	Delmont	Jennings	Mahon	Orfield	Sarna	Wejzman
Bauerly	Dempsey	Johnson, A.	Mariani	Osthoff	Sekhon	Wenzel
Beard	Dorn	Johnson, R.	McCollum	Ostrom	Simoneau	Winter
Bergson	Evans	Johnson, V.	McGuire	Ozment	Skoglund	Wolf
Bertram	Farrell	Kahn	Milbert	Pelowski	Solberg	Worke
Bishop	Garcia	Kalis	Morrison	Perl	Stanius	Spk. Long
Brown, C.	Greenfield	Kelley	Mosel	Peterson	Steenasma	
Brown, K.	Greiling	Kelso	Munger	Pugh	Swenson	
Carlson	Hasskamp	Kinkel	Murphy	Reding	Tomassoni	
Carruthers	Hausman	Koppendraye	Neary	Rest	Trimble	
Clark	Huntley	Krueger	Nelson	Rhodes	Tunheim	

Those who voted in the negative were:

Abrams	Frerichs	Holsten	Leppik	Ness	Seagren	Weaver
Bettermann	Girard	Hugoson	Limmer	Olson, M.	Smith	Workman
Blatz	Goodno	Klinzing	Lindner	Onnen	Sviggum	
Commers	Gruenes	Knickerbocker	Lynch	Opatz	Tompkins	
Dehler	Gutknecht	Krinkie	Macklin	Pauly	Van Dellen	
Erhardt	Haukoos	Lasley	Molnau	Pawlenty	Waltman	

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

SPECIAL ORDERS

S. F. No. 1114 which was temporarily laid over earlier today on Special Orders was again reported to the House.

Pugh moved that S. F. No. 1114 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 636 was reported to the House.

Jennings; Kalis; Olson, K.; Lasley; Hugoson; Lourey and Koppendraye moved to amend S. F. No. 636, as follows:

Page 1, after line 13, insert:

"Sec. 2. [115A.542] [COMPOSTING PROJECTS.]

Subdivision 1. [GRANTS.] The director of the office of waste management shall award grants to optimize operations at mixed municipal solid waste composting facilities owned by multi-county project boards. Before awarding a grant under this section, the directors of the offices of waste management and the pollution control agency

must approve a facility optimization plan submitted by the multi-county project board. The plan must include a financial and technical feasibility analysis.

Subd. 2. [APPROPRIATION.] \$1,500,000 in the first year of the biennium ending June 30, 1995, is appropriated from the general fund to the office of waste management for grants under section 1. Any unencumbered balance remaining after the first year shall be available in the second year of the biennium."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 636, A bill for an act relating to pollution control; requiring a study of the feasibility of including the city of Red Wing in the state financial assistance program for combined sewer overflow.

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 5 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Krinkie	Leppik	McCollum	Molnau	Onnen
---------	--------	----------	--------	-------

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

S. F. No. 1114 which was temporarily laid over earlier today on Special Orders was again reported to the House.

Asch withdrew his pending amendment offered on Saturday, May 15, 1993, to S. F. No. 1114, as amended.

MOTION FOR RECONSIDERATION

Brown, C., moved that the vote whereby the Brown, C., and Cooper amendment to S. F. No. 1114, as amended, which was adopted on Saturday, May 15, 1993, be now reconsidered. The motion prevailed.

Brown, C., withdrew the Brown, C., and Cooper amendment to S. F. No. 1114, as amended.

S. F. No. 1114, A bill for an act relating to commerce; franchises; regulating assignments, transfers, and sales; amending Minnesota Statutes 1992, section 80C.17, subdivisions 1 and 5.

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 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Krinkie

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

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1094, A bill for an act relating to insurance; regulating fees, data collection, coverages, notice provisions, enforcement provisions, the Minnesota joint underwriting association, and the liquor liability assigned risk plan;

enacting the NAIC model regulation relating to reporting requirements for licensees seeking to do business with certain unauthorized multiple employer welfare arrangements; making various technical changes; appropriating money; amending Minnesota Statutes 1992, sections 13.71, by adding subdivisions; 45.024, subdivision 2; 59A.12, by adding a subdivision; 60A.02, by adding a subdivision; 60A.03, subdivisions 5 and 6; 60A.052, subdivision 2; 60A.082; 60A.085; 60A.14, subdivision 1; 60A.19, subdivision 4; 60A.206, subdivision 3; 60A.21, subdivision 2; 60A.36, by adding a subdivision; 60C.22; 60K.06; 60K.14, subdivision 4; 60K.19, subdivision 5; 61A.02, subdivision 2; 61A.031; 61A.04; 61A.07; 61A.071; 61A.073; 61A.074, subdivision 1; 61A.08; 61A.09, subdivision 1; 61A.092, by adding a subdivision; 61A.12, subdivision 1; 61A.282, subdivision 2; 62A.047; 62A.148; 62A.153; 62A.43, subdivision 4; 62E.19, subdivision 1; 62H.01; 62I.02; 62I.03; 62I.07; 62I.13, subdivisions 1 and 2; 62I.20; 65A.01, subdivision 1; 65A.29, subdivision 7; 65B.49, subdivision 3; 72A.20, subdivision 29, and by adding a subdivision; 72A.201, subdivision 9; 72A.41, subdivision 1; 72B.03, subdivision 1; 72B.04, subdivision 2; 176.181, subdivision 2; and 340A.409, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapters 45; 61A; 62A; and 62H; repealing Minnesota Statutes 1992, sections 70A.06, subdivision 5; 72A.45; and 72B.07; Minnesota Rules, parts 2780.4800; 2783.0010; 2783.0020; 2783.0030; 2783.0040; 2783.0050; 2783.0060; 2783.0070; 2783.0080; 2783.0090; and 2783.0100.

PATRICK E. FLAHAVER, Secretary of the Senate

Stanius moved that the House concur in the Senate amendments to H. F. No. 1094 and that the bill be repassed as amended by the Senate.

Kahn moved that the House refuse to concur in the Senate amendments to H. F. No. 1094, 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.

A roll call was requested and properly seconded.

The question was taken on the Kahn motion and the roll was called. There were 124 yeas and 9 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Abrams	Girard	Knickerbocker	Smith	Swenson
Frerichs	Johnson, V.	Lindner	Stanius	

The motion prevailed.

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 545, 1512, 142, 1162, 103 and 176.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 545, A bill for an act relating to retirement; expanding coordinated plan survivor coverage benefits for certain public employees and teachers; amending Minnesota Statutes 1992, sections 352.01, by adding a subdivision; 352.12, subdivision 2, and by adding subdivisions; 353.01, subdivision 15, and by adding a subdivision; 353.32, subdivision 1a, and by adding subdivisions; 354.05, subdivision 8, and by adding a subdivision; 354.46, subdivisions 2, 5, and by adding subdivisions; 354A.011, by adding a subdivision; and 354A.35, subdivision 2, and by adding subdivisions.

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

S. F. No. 1512, A bill for an act relating to elections; providing uniform local election procedures; requiring regular city elections to be held in the fall; permitting town elections to be held in November; making uniform certain local government procedures; providing for the identification of judicial offices; authorizing special elections to be conducted by mail ballot; amending Minnesota Statutes 1992, sections 103C.305, subdivision 2; 123.33, subdivision 1; 204B.14, subdivision 8; 204B.36, subdivision 4; 205.02, subdivision 2; 205.065, subdivisions 1 and 2; 205.07, subdivision 1; 205.10, by adding a subdivision; 205.13, subdivision 1, and by adding a subdivision; 205.16, subdivisions 1 and 2; 205.17, subdivision 4; 205.175; 206.90, subdivision 6; 365.51, subdivisions 1 and 3; and 367.03; proposing coding for new law in Minnesota Statutes, chapter 204D; repealing Minnesota Statutes 1992, sections 205.065, subdivision 3; 205.18; 205.20; and 410.21.

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

S. F. No. 142, A bill for an act relating to workers' compensation; regulating rehabilitation services and consultations; amending Minnesota Statutes 1992, section 176.102, subdivision 4.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

S. F. No. 1162, A bill for an act relating to state government; administrative rulemaking; changing the membership and duties of the LCRAR; transferring the rule review functions of the office of the attorney general to the office of administrative hearings; regulating grants of rulemaking authority, notices of intent to solicit outside opinion, and public hearing requirements; authorizing the governor to disapprove rules adopted after public hearing; eliminating the requirement that agencies review their rules and consider methods to reduce their impact on small business; making technical changes; requiring reports; appropriating money; amending Minnesota Statutes 1992, sections 3.841; 14.05, subdivision 2, and by adding a subdivision; 14.08; 14.09; 14.10; 14.115, subdivision 5; 14.15, subdivisions 3 and 4; 14.16, subdivision 1; 14.19; 14.22, subdivision 1; 14.24; 14.25; 14.26; 14.29, subdivisions 2 and 4; 14.30; 14.31; 14.32; 14.33; 14.34; 14.365; 14.48; and 14.51; proposing coding for new law in Minnesota Statutes, chapter 14; repealing Minnesota Statutes 1992, sections 14.115, subdivision 6; and 14.225.

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

S. F. No. 103, A bill for an act relating to lawful gambling; regulating the conduct of lawful gambling; prescribing the powers and duties of licensees and the board; giving the gambling control board director cease and desist authority for violations of board rules; adding restrictions for bingo halls, distributors, and manufacturers; providing

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

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

S. F. No. 176, A bill for an act relating to insurance; workers' compensation; regulating distributions of excess surplus made by the workers' compensation reinsurance association; clarifying the law regulating distributions of excess surplus; amending Minnesota Statutes 1992, sections 45.027, subdivision 1; and 79.34, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 79.

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, Welle moved that the rule therein be suspended and an urgency be declared so that S. F. No. 176 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Welle moved that the Rules of the House be so far suspended that S. F. No. 176 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 176 was read for the second time.

S. F. No. 176, A bill for an act relating to insurance; workers' compensation; regulating distributions of excess surplus made by the workers' compensation reinsurance association; clarifying the law regulating distributions of excess surplus; amending Minnesota Statutes 1992, sections 45.027, subdivision 1; and 79.34, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 79.

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	Asch	Beard	Bettermann	Brown, C.	Carruthers	Cooper
Anderson, I.	Battaglia	Bergson	Bishop	Brown, K.	Clark	Dauner
Anderson, R.	Bauerly	Bertram	Blatz	Carlson	Commers	Dawkins

Dehier	Haukoos	Kinkel	McGuire	Orfield	Sarna	Vellenga
Delmont	Hausman	Klinzing	Milbert	Osthoff	Seagren	Vickerman
Dempsey	Holsten	Knickerbocker	Molnau	Ostrom	Sekhon	Wagenius
Dorn	Hugoson	Koppendrayer	Morrison	Ozment	Simoneau	Waltman
Erhardt	Huntley	Krueger	Mosel	Pauly	Skoglund	Weaver
Evans	Jacobs	Lasley	Munger	Pawienty	Smith	Wejcman
Farrell	Jaros	Leppik	Murphy	Pelowski	Solberg	Welle
Frerichs	Jefferson	Lieder	Neary	Perlt	Sparby	Wenzel
Garcia	Jennings	Lindner	Nelson	Peterson	Steensma	Winter
Girard	Johnson, A.	Lourey	Ness	Pugh	Sviggum	Wolf
Goodno	Johnson, R.	Luther	Olson, E.	Reding	Swenson	Worke
Greenfield	Johnson, V.	Lynch	Olson, K.	Rest	Tomassoni	Workman
Greiling	Kahn	Macklin	Olson, M.	Rhodes	Tompkins	Spk. Long
Gruenes	Kalis	Mahon	Onnen	Rice	Trimble	
Gutknecht	Kelley	Mariani	Opatz	Rodosovich	Tunheim	
Hasskamp	Kelso	McCollum	Orenstein	Rukavina	Van Dellen	

Those who voted in the negative were:

Davids Krinkie

The bill was passed and its title agreed to.

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

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 125, A bill for an act relating to education; permitting independent school district No. 279, Osseo, to adopt an alternating eight-period schedule; exempting the district from certain statutory instructional time requirements through the 1995-1996 school year.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Vellenga moved that the House concur in the Senate amendments to H. F. No. 125 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 125, A bill for an act relating to education; making corrections to the 1993 omnibus education finance law; authorizing a levy in independent school district No. 256, Red Wing; amending Minnesota Statutes 1992, sections 124.155, subdivision 1; 125.05, subdivision 1a; 125.185, subdivision 4; and 128B.03, subdivision 2; Laws 1993, chapter 224, article 1, sections 10; 14; and 18, subdivision 1; article 2, sections 14; and 15, subdivision 2; article 3, sections 18; 24, subdivision 2b; 25; 26; 40; and 41; article 4, sections 14; and 43, subdivision 4; article 6, sections 16, subdivision 8; 32; and 33; article 7, sections 6; and 31; article 8, sections 18, subdivision 1; 21, subdivision 1; and 23; article 12, section 32; article 13, section 40; and article 14, section 7; and 17.

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 129 yeas and 5 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Abrams	Commers	Erhardt	Kelley	McCollum
--------	---------	---------	--------	----------

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

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1529

A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1529, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1529 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [REORGANIZATION; GOALS.]

The legislature finds that it is desirable to reorganize state services relating to the protection of the environment, protection of farmland, and the management of natural resources to achieve the following goals:

- (1) progressively less air, land, and water pollution;
- (2) sustainable development throughout all regions of the state and all sectors of the economy;
- (3) improved delivery of services;
- (4) a preventive approach to environmental degradation;
- (5) citizen participation in all relevant decision-making processes and at meaningful points in the processes; and
- (6) regular reevaluation and reformulation of how governmental functions and services are performed.

Sec. 2. [REORGANIZATION; OUTCOMES.]

Any reorganization must achieve the following outcomes:

- (1) an ecosystem-based, integrated service delivery system;
- (2) extension of the polluter-pays principle through the use of regulatory controls and financial mechanisms;
- (3) the ability to identify and address existing and emerging environmental issues of state, national, and international import;
- (4) increased citizen access to pertinent, understandable information relating to environmental protection, farmland protection, and natural resources management;
- (5) better citizen representation, access, and information through an office of public information and advocacy;
- (6) the elimination of multiple access points to receive the same or related services;
- (7) the flexibility to enable state and local governments to coordinate and cooperate;
- (8) the identification of revenue sources adequate to implement the reorganization, including providing for staff development;
- (9) flattening of the internal organization of the delivery system with processes designed to encourage cooperation, consensus, and participation of management and workers;
- (10) decentralization of the service-delivery system where appropriate;
- (11) a structure that recognizes legitimate conflicts of interest and provides for their resolution; and
- (12) a reassessment of the state's energy and transportation policies as they affect the environment and natural resources.

Sec. 3. [TASK FORCE.]

Subdivision 1. [MEMBERSHIP.] Immediately after the effective date of this section, the governor shall convene a task force consisting of four facilitators and four groups:

- (1) a group consisting of 10 to 15 persons from agencies listed in section 6 who are members of the managerial plan established under Minnesota Statutes, section 43A.18, subdivision 3, appointed by the governor;
- (2) a group consisting of employees from agencies listed in section 6 who are represented by exclusive representatives, selected by the exclusive representatives of employees of those agencies;
- (3) a group consisting of 15 persons representing local and regional governmental units, including cities, counties, metropolitan and regional agencies, soil and water conservation districts, watershed districts, and watershed management organizations, appointed in equal numbers by the governor, the majority leader of the senate, and the speaker of the house; and

(4) a group consisting of not more than 20 persons jointly appointed by the speaker of the house of representatives and the majority leader of the senate, including:

(i) representatives of rural agricultural interests, environmental and conservation organizations, sportsmen's groups, and business;

(ii) a representative of an institution of higher education with expertise in natural sciences;

(iii) a representative of an institution of higher education with expertise in agriculture;

(iv) an attorney experienced in environmental law; and

(v) a member of the environmental consulting community.

The groups described in clauses (1) and (2) must include managers and classified employees from work stations outside the metropolitan area described in Minnesota Statutes, section 473.121, subdivision 2. Organizations, occupations, and industries described in clause (4) may submit the names of persons they wish considered for appointment to the task force under that clause.

The governor, the speaker of the house of representatives, and the majority leader of the senate shall jointly appoint a facilitator for each group.

Subd. 2. [ACTIVITIES.] (a) Members of the task force established by subdivision 1 shall serve as partners in changing the delivery of state services and the performance of state functions. Each group of the task force shall initially meet separately to develop its own recommendations for proposed legislation to establish a governmental structure to perform the functions and provide the services listed in section 6 in furtherance of the goals and outcomes listed in sections 1 and 2. A facilitator shall assist each group. The facilitators shall meet periodically with the legislative commission established in section 4. At the meetings, the facilitators shall update the members of the commission on the progress of the groups' discussions and emerging proposals. Each group must complete its recommendations by October 1, 1993.

(b) By September 1, 1993, each group shall select from its membership representatives to a committee, as follows:

(1) two representatives from the group established by subdivision 1, clause (1);

(2) three representatives from the group established by subdivision 1, clause (2);

(3) two representatives from the group established by subdivision 1, clause (3); and

(4) five representatives from the group established by subdivision 1, clause (4), who must be private citizens.

(c) The task force committee shall begin meeting as soon as practicable after October 1, 1993, and shall develop recommendations for proposed legislation to establish a governmental structure to perform the functions and provide the services listed in section 6 in furtherance of the goals and outcomes listed in sections 1 and 2. The commissioner of administration may provide staff support to the committee upon its request.

(d) The governor, the speaker of the house of representatives, and the majority leader of the senate shall jointly appoint a facilitator for the committee. The facilitator shall chair meetings of the committee and serve as a nonvoting member. The facilitator shall periodically update the members of the legislative commission created in section 4 on the progress of the committee's discussions and emerging proposals.

(e) The committee shall submit its recommendations for reorganization to the legislative commission created in section 4 by December 31, 1993.

Sec. 4. [LEGISLATIVE COMMISSION.]

Subdivision 1. [CREATION; MEMBERSHIP.] The legislative commission on administrative environmental structure is created to recommend to the legislature proposed legislation to establish a governmental structure to perform the functions and provide the services listed in section 6 in furtherance of the goals and outcomes listed in sections 1 and 2. The commission consists of ten members, five appointed by the speaker of the house of representatives and five

appointed by the rules and administration subcommittee on committees of the senate. At least two members from each chamber must be members of the minority party in that chamber. The house and senate members of the commission shall elect one member from their respective chambers to serve as cochair of the commission who shall alternately preside over hearings, unless they agree otherwise.

Subd. 2. [DUTIES.] (a) The commission shall perform its duties in accordance with the environmental policy codified in Minnesota Statutes, section 116D.02, subdivision 1, the responsibility of state government in relation to that policy codified in Minnesota Statutes, section 116D.02, subdivision 2, and the actions required of state agencies under Minnesota Statutes, section 116D.03. The commission shall examine recent analyses, critiques, studies, and recommendations related to the administrative structure of state environmental and natural resource services system including the commission on reform and efficiency study and recommendations relating to Minnesota's environmental services system, structures in other states, and proposals made by the governor, members of the legislature, state agencies, and other groups.

(b) As soon as possible after receipt of the proposal recommended by the task force under section 3, the commission shall distribute the proposal to all interested persons and shall hold hearings designed to gather responses to the proposal from all perspectives. Hearings must be held in convenient locations and at convenient times to maximize the ability of the public to participate in the hearings. Hearings must be held in at least two locations outside the seven-county metropolitan area.

(c) The commission shall issue a final proposal for legislation by February 22, 1994, for consideration by the legislature during the 1994 legislative session. The commission shall seek to achieve a structure that, in addition to furthering the goals and outcomes in sections 1 and 2, promotes and maintains a system that meets the needs of the present without compromising the ability of future generations to meet their own needs and that incorporates a process for change in which the use of natural and other resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs.

(d) The commission is abolished effective May 1, 1994.

Sec. 5. [EMPLOYEE PARTICIPATION COMMITTEE.]

(a) Before a restructuring of executive branch agencies, a committee including representatives of employees and employers within each affected agency must be established and be given adequate time to perform the functions prescribed by paragraph (b). Each exclusive representative of employees shall select a committee member from each of its bargaining units in each affected agency. The head of each agency shall select an employee member from each unit of employees not represented by an exclusive representative. The agency head shall also appoint one or more committee members to represent the agency. The number of members appointed by the agency head, however, may not exceed the total number of members representing bargaining units.

(b) A committee established under paragraph (a) shall:

- (1) identify tasks related to agency reorganization and adopt plans for addressing those tasks;
- (2) identify other employer and employee issues related to reorganization and adopt plans for addressing those issues;
- (3) adopt detailed plans for providing retraining for affected employees; and
- (4) guide the implementation of the reorganization.

Sec. 6. [EXAMINATION OF AGENCIES' MISSIONS, POWERS, AND DUTIES.]

Subdivision 1. [AGENCIES.] The task force established in section 3 and the commission established in section 4 shall examine the missions, powers, and duties of the department of natural resources, the board of water and soil resources, the office of waste management, the pollution control agency, the environmental quality board, the harmful substances compensation board, the petroleum tank release compensation board, and the agricultural chemical response compensation board.

Subd. 2. [POWERS AND DUTIES.] (a) The task force and the commission shall examine the following powers and duties of the department of agriculture:

(1) regulation of fertilizers, soil amendments, agricultural liming, and plant amendments under Minnesota Statutes, chapter 18C;

(2) pesticide control under Minnesota Statutes, chapter 18B;

(3) agriculture chemical incident response and cleanup under Minnesota Statutes, chapter 18D;

(4) chemical incident reimbursement under Minnesota Statutes, chapter 18E;

(5) urban forest promotion under Minnesota Statutes, section 17.86;

(6) mosquito abatement under Minnesota Statutes, sections 18.041 to 18.161;

(7) groundwater protection under Minnesota Statutes, chapter 103H;

(8) oil and hazardous substance discharge preparedness under Minnesota Statutes, chapter 115E; and

(9) conservation of wildflowers under Minnesota Statutes, section 17.23.

(b) The task force and the commission shall examine the following powers and duties of the department of health:

(1) the water well program under Minnesota Statutes, chapter 103I;

(2) the safe drinking water program under Minnesota Statutes, sections 144.381 to 144.387;

(3) health risk assessment under Minnesota Statutes, section 115B.17, subdivision 10;

(4) domestic water supply protection under Minnesota Statutes, sections 144.35 to 144.37;

(5) asbestos contractor licensing under Minnesota Statutes, sections 326.70 to 326.81;

(6) public health laboratory regulation under Minnesota Statutes, section 144.98;

(7) lead abatement under Minnesota Statutes, sections 144.871 to 144.879;

(8) hazardous substance exposure under Minnesota Statutes, section 145.94;

(9) mosquito research under Minnesota Statutes, section 144.95;

(10) water supply monitoring and health assessments under Minnesota Statutes, section 473.845, subdivision 2; and

(11) health risk limits under Minnesota Statutes, section 103H.201.

(c) The task force and the commission shall examine the following powers and duties of the department of trade and economic development:

(1) energy loans under Minnesota Statutes, sections 216C.36 and 216C.37;

(2) outdoor recreation grants under Minnesota Statutes, section 116J.406;

(3) environmental permit coordination under Minnesota Statutes, sections 116C.22 to 116C.34; and

(4) the public facilities authority under Minnesota Statutes, chapter 446A.

(d) The task force and the commission shall examine the following powers and duties of the department of public service: energy conservation under Minnesota Statutes, sections 216C.01 to 216C.35 and 216C.373 to 216C.381.

(e) The task force and the commission shall examine the following powers and duties of the department of transportation:

(1) oil and hazardous substance discharge preparedness under Minnesota Statutes, chapter 115E; and

(2) hazardous waste shipment and licensing under Minnesota Statutes, sections 221.033 to 221.036 and 221.172.

(f) The task force and the commission shall examine the powers and duties of the metropolitan council relating to metropolitan solid and hazardous waste under Minnesota Statutes, sections 473.801 to 473.849, and mosquito control under Minnesota Statutes, sections 473.701 to 473.716.

Sec. 7. [BUDGET FOR NEXT BIENNIUM.]

In preparing a proposed budget for the biennium beginning July 1, 1995, the governor shall include an amount for staff development in accordance with Minnesota Statutes, section 43A.045, and a substantial increase in overall expenditures for staff development. The budget may not require the layoff of classified employees or unclassified employees covered by a collective bargaining agreement except as provided in a plan negotiated under Minnesota Statutes, chapter 179A, that provides options to layoff for employees who would be affected. The governor's budget must be in conformance with any reorganization plan enacted by the legislature in 1994 in response to the recommendation submitted by the legislative commission under section 4. If no reorganization plan is enacted in 1994, the governor's budget must take into account the reorganization recommendations of the task force committee under section 3, as well as any additional or alternative recommendations of the governor.

Sec. 8. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; establishing a task force and a legislative commission to recommend a governmental structure for environmental and natural resource functions and services; requiring establishment of an employee participation committee before agency restructuring."

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

House Conferees: ALICE HAUSMAN, WILLARD MUNGER AND JEAN WAGENIUS.

Senate Conferees: LAWRENCE J. POGEMILLER, LEROY A. STUMPF AND STEVEN MORSE.

Hausman moved that the report of the Conference Committee on H. F. No. 1529 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1529, A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring.

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 87 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Bergson	Carruthers	Evans	Hausman	Johnson, R.	Klinzing
Anderson, R.	Bertram	Clark	Farrell	Huntley	Johnson, V.	Krueger
Asch	Blatz	Dawkins	Garcia	Jacobs	Kahn	Lasley
Battaglia	Brown, C.	Delmont	Greenfield	Jaros	Kelley	Lieder
Bauerly	Brown, K.	Dempsey	Greiling	Jefferson	Kelso	Lourey
Beard	Carlson	Dorn	Hasskamp	Johnson, A.	Kinkel	Luther

Lynch	Murphy	Ostrom	Rest	Simoneau	Trimble	Winter
Mahon	Neary	Ozment	Rice	Skoglund	Tunheim	Workman
Mariani	Nelson	Pawlenty	Rodosovich	Solberg	Vellenga	Spk. Long
McCollum	Opatz	Pelowski	Rukavina	Sparby	Wagenius	
McGuire	Orenstein	Peterson	Sarna	Stanisus	Weaver	
Milbert	Orfield	Pugh	Seagren	Steensma	Wejzman	
Munger	Osthoff	Reding	Sekhon	Tomassoni	Wenzel	

Those who voted in the negative were:

Abrams	Dehler	Haukoos	Krinkie	Mosel	Perlt	Vickerman
Bettermann	Erhardt	Holsten	Leppik	Ness	Rhodes	Waltman
Bishop	Frerichs	Hugoson	Limmer	Olson, E.	Smith	Wolf
Commers	Girard	Jennings	Lindner	Olson, K.	Sviggum	Worke
Cooper	Goodno	Kalis	Macklin	Olson, M.	Swenson	
Dauner	Gruenes	Knickerbocker	Molnau	Onnen	Tompkins	
Dauids	Gutknecht	Koppendrayner	Morrison	Pauly	Van Dellen	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 427

A bill for an act relating to taxation; making technical corrections and administrative changes to sales and use taxes, income and franchise taxes, property taxes, and tax administration and enforcement; changing penalties; appropriating money; amending Minnesota Statutes 1992, sections 82B.035, by adding a subdivision; 84.82, subdivision 10; 86B.401, subdivision 12; 270.071, subdivision 2; 270.072, subdivision 2; 271.06, subdivision 1; 271.09, subdivision 3; 272.02, subdivisions 1 and 4; 272.025, subdivision 1; 272.12; 273.03, subdivision 2; 273.061, subdivision 8; 273.124, subdivisions 9 and 13; 273.13, subdivision 25; 273.138, subdivision 5; 273.1398, subdivisions 1, 3, and 5b; 274.13, subdivision 1; 274.18; 275.065, subdivision 5a; 275.07, subdivisions 1 and 4; 275.28, subdivision 3; 275.295; 277.01, subdivision 2; 277.15; 277.17; 278.01, subdivision 1; 278.02; 278.03; 278.04; 278.08; 278.09; 287.21, subdivision 4; 287.22; 289A.08, subdivisions 3, 10, and 15; 289A.09, subdivision 1; 289A.11, subdivisions 1 and 3; 289A.12, subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 12, and 14; 289A.18, subdivisions 1 and 4; 289A.20, subdivision 4; 289A.25, subdivisions 1, 2, 5a, 6, 8, 10, and 12; 289A.26, subdivisions 1, 4, and 6; 290A.04, subdivisions 1 and 2h; 296.14, subdivision 2; 297A.01, subdivision 3; 297B.01, subdivision 5; 297B.03; 347.10; 348.04; 469.175, subdivision 5; and 473H.10, subdivision 3; Laws 1991, chapter 291, article 1, section 65, as amended; Laws 1992, chapter 511, article 2, section 61; proposing coding for new law in Minnesota Statutes, chapters 273; 289A; and 297; repealing Minnesota Statutes 1992, sections 60A.13, subdivision 1a; 273.49; 274.19; 274.20; 277.011; 289A.08, subdivisions 9 and 12; 297A.258; and 348.03.

May 14, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 427, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments to H. F. No. 427, and that H. F. No. 427 be further amended as follows:

Page 1, line 38, of the rule 49 amendment to H. F. No. 427, adopted by the Senate April 22, 1993, after "TAX" insert "TECHNICAL"

Page 11, line 10, of the rule 49 amendment to H. F. No. 427, adopted by the Senate April 22, 1993, after "MISCELLANEOUS" insert "TECHNICAL"

Page 30, line 17, of the rule 49 amendment to H. F. No. 427, adopted by the Senate April 22, 1993, after "TAXES" insert "TECHNICAL"

Page 95, line 21, of the rule 49 amendment to H. F. No. 427, adopted by the Senate April 22, 1993, delete "273.13" and insert "273.123"

Page 96, after line 7, of the rule 49 amendment to H. F. No. 427, adopted by the Senate April 22, 1993, insert:

"ARTICLE 4

LOCAL AIDS

Section 1. Minnesota Statutes 1992, section 16A.712, is amended to read:

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

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

- (1) attached machinery aid to counties under section 273.138;
- (2) in fiscal year 1993 only, supplemental homestead credit under section 273.1391;
- (3) \$560,000 in fiscal year 1993 and \$300,000 annually in fiscal years 1994 and 1995 for tax administration;
- (4) \$105,000 annually to the commissioner of finance in fiscal years 1993, 1994, and 1995 to administer the trust fund;
- (5) \$25,000 annually to the advisory commission on intergovernmental relations in fiscal years 1993, 1994, and 1995 to pay nonlegislative members' per diem expenses and such other expenses as the commission deems appropriate;
- (6) \$350,000 in fiscal year 1993 and \$1,200,000 ~~annually~~ in fiscal years ~~1994 and year~~ 1995 to the intergovernmental information systems advisory council to develop a local government financial reporting system, with the participation and ongoing oversight of the legislative commission on planning and fiscal policy; and
- (7) in fiscal year 1993 only, the transition credit under section 273.1398, subdivision 5, and the disparity reduction credit under section 273.1398, subdivision 4, for school districts. The school districts' transition credit and disparity reduction credit shall be appropriated to the commissioner of education.

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

Sec. 2. Minnesota Statutes 1992, section 256E.06, subdivision 12, is amended to read:

Subd. 12. [APPROPRIATION.] \$51,566,000 is appropriated from the local government trust fund in fiscal year 1993 ~~and \$53,113,000 annually, \$50,762,000 in fiscal years year 1994, and \$49,499,000 in fiscal year 1995, and thereafter to the commissioner of human services for payment of aid under this section. Notwithstanding subdivisions 1 and 2, the increased appropriation available in fiscal year 1994 and thereafter shall be used to increase each county's aid proportionately over the aid received in calendar year 1992. For calendar year 1993 only, each county's aid will be adjusted appropriately to reflect the increase that is dictated to occur in the second half of the calendar year.~~

Sec. 3. Minnesota Statutes 1992, 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 local tax rates.

(c) "Gross tax capacity" means the product of the gross class rates and estimated 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, (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. Gross tax capacity cannot be less than zero.

(d) "Net tax capacity" means the product of (i) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1992 the class rate applied to class 4b property shall be 2.9 percent; the class rate applied to class 4a property shall be 3.55 percent; the class rate applied to noncommercial seasonal recreational residential property shall be 2.25 percent; and the class rates applied to portions of class 1a, 1b, and 2a property shall be 2 percent for the market value between \$68,000 and \$110,000 and 2.5 percent for the market value over \$110,000; for aid payable in 1993 the class rate applicable to class 4a shall be 3.5 percent; and the class rate applicable to class 4b shall be 2.65 percent; and for aid payable in 1994 the class rate applicable to class 4b shall be 2.4 percent, and (ii) estimated market values for the assessment two years prior to that in which aid is payable. The reclassification of mobile home parks as class 4c shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991 or 1992. Any reclassification of property by Laws 1991, chapter 291, shall not be considered in determining net tax capacity for aids payable in 1992. "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, (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 shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

(e) (d) "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the unique taxing jurisdiction. The total previous net tax capacity shall be reduced by the sum of (1) the unique taxing jurisdiction's previous 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, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.

(f) (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. The equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

(g) "1989 local tax rate" means the quotient derived by dividing the gross taxes levied within a unique taxing jurisdiction for taxes payable in 1989 by the gross tax capacity of the unique taxing jurisdiction for taxes payable in 1989. For computation of the local tax rate for aid payable in 1991 and subsequent years, gross taxes for taxes payable in 1989 exclude equalized levies as defined in subdivision 2a. For purposes of computation of the local tax rate only, gross taxes shall not be adjusted by inflation or household growth.

(h) (f) "Equalized school levies" means the amounts levied for:

(1) general education under section 124A.23, subdivision 2;

(2) supplemental revenue under section 124A.22, subdivision 8a;

(3) capital expenditure facilities revenue under section 124.243, subdivision 3;

~~(4) capital expenditure equipment revenue under section 124.244, subdivision 2; and~~

~~(5) basic transportation under section 124.226, subdivision 1.~~

(g) "Current local tax rate" means the quotient derived by dividing the taxes levied within a unique taxing jurisdiction for taxes payable in the year prior to that for which aids are being calculated by the net tax capacity of the unique taxing jurisdiction.

~~(i) For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's 1989 local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.~~

(h) For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties," "gross taxes," or "taxes levied" means the total 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. ~~Gross taxes levied on all properties or gross taxes are before reduction by any credits for taxes payable in 1989.~~ "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.

~~"Taxes levied" excludes actual amounts levied for purposes listed in subdivision 2a equalized school levies.~~

~~(k) (i) "Human services aids" means:~~

~~(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;~~

~~(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;~~

~~(3) general assistance medical care under section 256D.03, subdivision 6;~~

~~(4) general assistance under section 256D.03, subdivision 2;~~

~~(5) work readiness under section 256D.03, subdivision 2;~~

~~(6) emergency assistance under section 256.871, subdivision 6;~~

~~(7) Minnesota supplemental aid under section 256D.36, subdivision 1;~~

~~(8) preadmission screening and alternative care grants;~~

~~(9) work readiness services under section 256D.051;~~

~~(10) case management services under section 256.736, subdivision 13;~~

~~(11) general assistance claims processing, medical transportation and related costs; and~~

~~(12) medical assistance, medical transportation and related costs.~~

~~(l) "Cost of living adjustment factor" means the greater of one or one plus the percentage increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.~~

~~(m) The percentage increase in the consumer price index means the percentage, if any, by which:~~

~~(1) the consumer price index for the calendar year preceding that in which aid is payable, exceeds~~

~~(2) the consumer price index for calendar year 1989.~~

~~(n) "Consumer price index for any calendar year" means the average of the consumer price index as of the close of the 12-month period ending on May 31 of such calendar year.~~

~~(o) "Consumer price index" means the last consumer price index for all urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989 shall be used.~~

~~(p) (i) "Household adjustment factor" means the number of households for the second most recent year preceding that in which the aids are payable divided by the number of households for the third most recent year. The household adjustment factor cannot be less than one.~~

~~(q) (k) "Growth adjustment factor" means the household adjustment factor in the case of counties, cities, and towns. In the case of school districts the growth adjustment factor means the average daily membership of the school district under section 124.17, subdivision 2, for the school year ending in the second most recent year preceding that in which the aids are payable divided by the average daily membership for the third most recent year. In the case of cities, towns, school districts, and special taxing districts, the growth adjustment factor equals one. The growth adjustment factor cannot be less than one.~~

~~(r) (l) For aid payable in 1992 and subsequent years, "homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 less any permanent aid reduction in the previous year to homestead and agricultural credit aid under section 477A.0132, plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b.~~

~~(s) (m) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the unique taxing jurisdiction's current local tax rate. The net tax capacity adjustment cannot be less than zero.~~

~~(t) (n) "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to equalized school levies as defined in subdivision 2a.~~

Sec. 4. Minnesota Statutes 1992, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] ~~(a) For aid payable in 1991, Homestead and agricultural credit aid for each unique taxing jurisdiction equals the total gross taxes levied on all properties, minus the unique taxing jurisdiction's subtraction factor. The commissioner of revenue may, in computing the amount of the homestead and agricultural credit aid paid in 1990 and subsequent years, adjust the gross tax capacity, net tax capacity, and gross taxes of a taxing jurisdiction for taxes payable in 1989 to reflect auditor's errors in computing taxes payable for 1989 in unique taxing jurisdictions within independent school district Nos. 720 and 792. Homestead and agricultural credit aid cannot be less than zero.~~

~~(b)(1) The 1990 and 1991 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. The net tax capacity adjustment is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's taxes levied bears to the total taxes levied in the unique taxing jurisdiction.~~

~~(2) The 1990 homestead and agricultural credit aid so determined for school districts for purposes of general education levies pursuant to section 124A.23, subdivisions 2 and 2a, and transportation levies pursuant to section 275.125, subdivisions 5 and 5c, 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.~~

~~(c) The calendar year 1990 homestead and agricultural credit aid shall be adjusted by the adjustment factor.~~

~~(d) Payments under this subdivision to counties in 1990 and 1991 shall be reduced by the amount provided in section 477A.012, subdivisions 3, paragraph (d), 4, paragraph (d), and 5.~~

~~(e) Payments under this subdivision to towns in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivision 6.~~

~~(f) Payments under this subdivision to cities in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivisions 6 and 7.~~

~~(g) Payments under this subdivision to special taxing districts, excluding hospital districts and the regional transit board defined in section 473.373, in 1990 and 1991 shall be reduced by an amount equal to 2.35 percent of the amount levied for taxes payable in 1990, before reduction for homestead and agricultural credit aid and disparity reduction aid. Payments under this subdivision to the regional transit board in 1990 and 1991 shall be reduced by \$450,000.~~

~~(h) Payments under this subdivision to all taxing jurisdictions in 1992 and subsequent years are equal to the product of (1) the homestead and agricultural credit aid base, and (2) the growth adjustment factor, plus the net tax capacity adjustment and the fiscal disparity adjustment.~~

Sec. 5. Minnesota Statutes 1992, section 273.1398, is amended by adding a subdivision to read:

Subd. 3a. [DISPARITY REDUCTION AID TO CITIES.] Notwithstanding the provisions of subdivision 3 or section 275.08, subdivision 1d, the amount of disparity reduction aid for a city for aid payable in calendar year 1994 and thereafter is zero, and the local tax rate for taxes payable in 1994 and thereafter for a city shall not be adjusted under section 275.08, subdivision 1d. For purposes of this subdivision, city means a statutory or home rule charter city.

Sec. 6. Minnesota Statutes 1992, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before five working days after December 20 in each year. A town must certify the levy adopted by the town board to the county auditor by September 1 each year. If the town board modifies the levy at a special town meeting after September 1, the town board must recertify its levy to the county auditor on or before five working days after December 20. The taxes certified shall not be ~~adjusted reduced~~ by the aid received under sections 273.1398, subdivisions 2 and 3, ~~and 477A.013, subdivision 5~~. 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.

Sec. 7. Minnesota Statutes 1992, section 275.07, is amended by adding a subdivision to read:

Subd. 1a. [APPLICATION OF LIMITATIONS.] Any limitation upon the amount that may be levied by a local taxing jurisdiction shall apply to the sum of the levy as certified under subdivision 1 plus the certified homestead and agricultural credit aid amount under section 273.1398, subdivision 2, unless the commissioner of revenue certifies to the county auditor that the limitation applies to the levy under subdivision 1 only.

Sec. 8. Minnesota Statutes 1992, 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 for purposes of the aid payable under section 477A.013, subdivision 3. Towns are not eligible to be treated as cities for purposes of aid payable under section 477A.013, subdivision 5, or the aid adjustment under section 477A.013, subdivision 7.~~

Sec. 9. Minnesota Statutes 1992, section 477A.011, subdivision 20, is amended to read:

Subd. 20. [CITY NET TAX CAPACITY.] "City net tax capacity" means (1) 23 percent of the net tax capacity computed using the net tax capacity rates listed in Minnesota Statutes 1988, section 273.13, and the market values for aids payable in 1990 and the net tax capacity rates listed in Minnesota Statutes 1989 Supplement, section 273.13, for aids payable in 1991 and subsequent years for all taxable property within the city based on the assessment two years prior to that for which aids are being calculated, taxes payable in the year prior to the aid distribution plus (2) a city's levy on the fiscal disparities distribution tax capacity under section 473F.08, subdivision 3 2, paragraph (a) (b), for taxes payable in the year prior to that for which aids are being calculated. The market value utilized in computing city net tax capacity shall be reduced by the sum of (1) a city's market value of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the market value of transmission lines deducted from a city's total net tax capacity under section 273.425. The city net tax capacity will be computed using equalized market values.

Sec. 10. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 30. [PRE-1940 HOUSING PERCENTAGE.] "Pre-1940 housing percentage" for a city is 100 times the most recent federal census count of all housing units in the city built before 1940, divided by the total number of all housing units in the city. Housing units includes both occupied and vacant housing units as defined by the federal census.

Sec. 11. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 31. [POPULATION DECLINE PERCENTAGE.] "Population decline percentage" for a city is the percent decline in a city's population for the last ten years, based on the most recently available population estimate from the state demographer or a federal census. A city's population decline percentage cannot be less than zero.

Sec. 12. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 32. [COMMERCIAL INDUSTRIAL PERCENTAGE.] "Commercial industrial percentage" for a city is 100 times the sum of the estimated market values of all real property in the city classified as class 3 under section 273.13, subdivision 24, excluding public utility property, to the total market value of all taxable real and personal property in the city. The market values are the amounts computed before any adjustments for fiscal disparities under section 473F.08. The market values used for this subdivision are not equalized.

Sec. 13. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 33. [TRANSFORMED POPULATION.] "Transformed population" for a city is the city population raised to the .3308 power, times 30,5485.

Sec. 14. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 34. [CITY REVENUE NEED.] (a) For a city with a population equal to or greater than 2,500, "city revenue need" is the sum of (1) 3.462312 times the pre-1940 housing percentage; plus (2) 2.093826 times the commercial industrial percentage; plus (3) 6.862552 times the population decline percentage; plus (4) .00026 times the city population; plus (5) 152,0141.

(b) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 1.795919 times the pre-1940 housing percentage; plus (2) 1.562138 times the commercial industrial percentage; plus (3) 4.177568 times the population decline percentage; plus (4) 1.04013 times the transformed population; minus (5) 107,475.

(c) The city revenue need cannot be less than zero.

(d) For calendar year 1995 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (c), is multiplied by the ratio of the annual implicit price deflator for state and local government purchases, as prepared by the United States Department of Commerce, for the most recently available year to the 1993 implicit price deflator for state and local government purchases.

Sec. 15. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 35. [TAX EFFORT RATE.] "Tax effort rate" means the sum of the net levy for all cities divided by the sum of the city net tax capacity for all cities. For purposes of this section, "net levy" means the city levy, after all adjustments, used for calculating the local tax rate under section 275.08 for taxes payable in the year prior to the aid distribution. The fiscal disparity distribution levy is included in net levy.

Sec. 16. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 36. [CITY AID BASE.] "City aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

Sec. 17. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 37. [BASE REDUCTION PERCENTAGE.] "Base reduction percentage" is (1) the difference between the amount available for city aid under section 477A.03 for the year for which aid is being calculated and the amount

available for city aid under section 477A.03 for calendar year 1994, (2) divided by the sum of the city aid base for all cities and (3) multiplied by 100. The reduction percentage for any year may not be less than the reduction percentage from the previous year. For aid paid in calendar year 1994, the reduction percentage is zero. The reduction percentage may not be more than 100 percent.

Sec. 18. Minnesota Statutes 1992, section 477A.013, is amended by adding a subdivision to read:

Subd. 8. [CITY AID INCREASE.] (a) In calendar year 1994 and subsequent years, the aid increase for a city is equal to the need increase percentage multiplied by the difference between (1) the city's revenue need multiplied by its population, and (2) the city's net tax capacity multiplied by the tax effort rate. The need increase percentage must be the same for all cities and must be calculated by the department of revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03, subdivision 1.

(b) The percentage aid increase for a first class city in calendar year 1994 must not exceed the percentage increase in the sum of calendar year 1994 city aids under this section compared to the sum of the city aid base for all cities. The aid increase for any other city in 1994 must not exceed five percent of the city's net levy for taxes payable in 1993.

(c) The aid increase in calendar year 1995 and subsequent years for any city must not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its city aid base multiplied by the base reduction percentage.

Sec. 19. Minnesota Statutes 1992, section 477A.013, is amended by adding a subdivision to read:

Subd. 9. [CITY AID DISTRIBUTION.] In calendar year 1994 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city aid increase under subdivision 8, and (2) its city aid base multiplied by a percentage equal to 100 minus the base reduction percentage.

Sec. 20. Minnesota Statutes 1992, section 477A.03, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL APPROPRIATION.] A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the local government trust fund to the commissioner of revenue. For aids payable in 1993 and thereafter, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to \$20,011,000. For aid payable in 1994 and thereafter, the total aid paid to cities under section 477A.013, subdivision 9, is limited to \$330,636,900.

In 1993 and subsequent years, \$8,400,000 per year is appropriated from the local government trust fund to make payments under section 477A.0121.

Sec. 21. [REPEALER.]

Minnesota Statutes 1992, sections 273.1398, subdivision 5; and 275.07, subdivision 3, are repealed.

Minnesota Statutes 1992, sections 477A.011, subdivisions 3a, 15, 16, 17, 18, 22, 23, 25, and 26; and 477A.013, subdivisions 2, 3, and 5, are repealed.

Sec. 22. [EFFECTIVE DATE.]

Section 2 is effective July 1, 1993. Sections 3 to 21 are effective for property taxes and aids payable in 1994, and thereafter.

ARTICLE 5

PROPERTY TAXES

Section 1. Minnesota Statutes 1992, section 82.19, is amended by adding a subdivision to read:

Subd. 8. [DISCLOSURE OF VALUATION EXCLUSION.] No real estate broker or salesperson shall sell or offer for sale property that, for purposes of property taxation, has an exclusion from market value for home improvements under section 273.11, subdivision 16, without disclosing to the buyer the existence of the excluded valuation and

informing the buyer that the exclusion will end upon the sale of the property and that the property's estimated market value for property tax purposes will increase accordingly.

Sec. 2. Minnesota Statutes 1992, section 272.01, subdivision 3, is amended to read:

Subd. 3. The provisions of subdivision 2 shall not apply to:

(a) Federal property for which payments are made in lieu of taxes in amounts equivalent to taxes which might otherwise be lawfully assessed;

(b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is leased, loaned, or otherwise made available to telephone companies or electric, light and power companies upon which personal property consisting of transmission and distribution lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40 and 273.41, or upon which are situated the communication lines of express, railway, telephone or telegraph companies, ~~and~~ or pipelines used for the transmission and distribution of petroleum products, or the equipment items of a cable communications company subject to sections 238.35 to 238.42;

(c) Property presently owned by any educational institution chartered by the territorial legislature;

(d) Indian lands;

(e) Property of any corporation organized as a tribal corporation under the Indian Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);

(f) Real property owned by the state and leased pursuant to section 161.23 or 161.431, and acts amendatory thereto;

(g) Real property owned by a seaway port authority on June 1, 1967, upon which there has been constructed docks, warehouses, tank farms, administrative and maintenance buildings, railroad and ship terminal facilities and other maritime and transportation facilities or those directly related thereto, together with facilities for the handling of passengers and baggage and for the handling of freight and bulk liquids, and personal property owned by a seaway port authority used or usable in connection therewith, when said property is leased to a private individual, association or corporation, but only when such lease provides that the said facilities are available to the public for the loading and unloading of passengers and their baggage and the handling, storage, care, shipment, and delivery of merchandise, freight and baggage and other maritime and transportation activities and functions directly related thereto, but not including property used for grain elevator facilities; it being the declared policy of this state that such property when so leased is public property used exclusively for a public purpose, notwithstanding the one-year limitation in the provisions of section 273.19;

(h) Notwithstanding the provisions of clause (g), when the annual rental received by a seaway port authority in any calendar year for such leased property exceeds an amount reasonably required for administrative expense of the authority per year, plus promotional expense for the authority not to exceed the sum of \$100,000 per year, to be expended when and in the manner decided upon by the commissioners, plus an amount sufficient to pay all installments of principal and interest due, or to become due, during such calendar year and the next succeeding year on any revenue bonds issued by the authority, plus 25 percent of the gross annual rental to be retained by the authority for improvement, development, or other contingencies, the authority shall make a payment in lieu of real and personal property taxes of a reasonable portion of the remaining annual rental to the county treasurer of the county in which such seaway port authority is principally located. Any such payments to the county treasurer shall be disbursed by the treasurer on the same basis as real estate taxes are divided among the various governmental units, but if such port authority shall have received funds from the state of Minnesota and funds from any city and county pursuant to Laws 1957, chapters 648, 831, and 849 and acts amendatory thereof, then such disbursement by the county treasurer shall be on the same basis as real estate taxes are divided among the various governmental units, except that the portion of such payments which would otherwise go to other taxing units shall be divided equally among the state of Minnesota and said county and city.

Sec. 3. Minnesota Statutes 1992, section 272.02, subdivision 1, is amended to read:

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

(1) all public burying grounds;

(2) all public schoolhouses;

(3) all public hospitals;

(4) all academies, colleges, and universities, and all seminaries of learning;

(5) all churches, church property, and houses of worship;

(6) institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clauses (1), (2), and (3), or paragraph (d), other than those that qualify for exemption under clause (25);

(7) all public property exclusively used for any public purpose;

(8) except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 274.19, subdivision 8, paragraph (f); and

(f) flight property as defined in section 270.071.

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

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

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 18; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the

presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

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

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

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

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

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

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

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days have 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 individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least three months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1987. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

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

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

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

(23) Photovoltaic devices, as defined in section 216C.06, subdivision 13, installed after January 1, 1992, and used to produce or store electric power.

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

(25) A structure that is situated on real property that is used for:

(i) housing for the elderly or for low- and moderate-income families as defined in Title II of the National Housing Act, as amended through December 31, 1990, and funded by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) 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 which meets each of the following criteria:

(A) is owned by an entity which is operated as a nonprofit corporation organized under chapter 317A;

(B) is owned by an entity which has not entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, or, if the entity which owns the structure has entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, the contract provides assistance for less than 90 percent of the dwelling units in the structure, excluding dwelling units intended for management or maintenance personnel;

(C) operates an on-site congregate dining program in which participation by residents is mandatory, and provides assisted living or similar social and physical support services for residents; and

(D) was not assessed and did not pay tax under chapter 273 prior to the 1991 levy, while meeting the other conditions of this clause.

An exemption under this clause remains in effect for taxes levied in each year or partial year of the term of its permanent financing.

(26) Real and personal property that is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

Sec. 4. Minnesota Statutes 1992, section 272.02, subdivision 4, is amended to read:

Subd. 4. [CONVERSION TO EXEMPT OR TAXABLE USES.] (a) Any property exempt from taxation on January 2 of any year which, due to sale or other reason, loses its exemption prior to July 1 of any year, shall be placed on the current assessment rolls for that year.

The valuation shall be determined with respect to its value on January 2 of such year. The classification shall be based upon the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by July 1, the intended use of the property, determined by the county assessor, based upon all relevant facts.

(b) Property subject to tax on January 2 that is acquired by a governmental entity, institution of purely public charity, church, or educational institution before July 1 of the year is exempt for that assessment year if ~~(4)~~ the property is to be used for an exempt purpose under subdivision 1, clauses (1) to (7), ~~and (2) the property is not subject to the filing requirement under section 272.025.~~

Sec. 5. Minnesota Statutes 1992, section 272.115, subdivision 1, is amended to read:

Subdivision 1. ~~Except as provided in subdivision 1a,~~ Whenever any real estate is sold for a consideration in excess of \$1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located ~~within 30 days of the sale when the deed or other document is presented for recording.~~ Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate.

Sec. 6. Minnesota Statutes 1992, section 272.115, subdivision 4, is amended to read:

Subd. 4. No real estate sold or transferred on or after January 1, 1993, under subdivision ~~4a~~ 1 shall be classified as a homestead, unless a certificate of value has been filed with the county auditor in accordance with this section.

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

Sec. 7. Minnesota Statutes 1992, section 273.061, subdivision 8, is amended to read:

Subd. 8. [POWERS AND DUTIES.] The county assessor shall have the following powers and duties:

(1) To call upon and confer with the township and city assessors in the county, and advise and give them the necessary instructions and directions as to their duties under the laws of this state, to the end that a uniform assessment of all real property in the county will be attained.

(2) To assist and instruct the local assessors in the preparation and proper use of land maps and record cards, in the property classification of real and personal property, and in the determination of proper standards of value.

(3) To keep the local assessors in the county advised of all changes in assessment laws and all instructions which the assessor receives from the commissioner of revenue relating to their duties.

(4) To have authority to require the attendance of groups of local assessors at sectional meetings called by the assessor for the purpose of giving them further assistance and instruction as to their duties.

(5) To immediately commence the preparation of a large scale topographical land map of the county, in such form as may be prescribed by the commissioner of revenue, showing thereon the location of all railroads, highways and roads, bridges, rivers and lakes, swamp areas, wooded tracts, stony ridges and other features which might affect the value of the land. Appropriate symbols shall be used to indicate the best, the fair, and the poor land of the county. For use in connection with the topographical land map, the assessor shall prepare and keep available in the assessor's office tables showing fair average minimum and maximum market values per acre of cultivated, meadow, pasture, cutover, timber and waste lands of each township. The assessor shall keep the map and tables available in the office for the guidance of town assessors, boards of review, and the county board of equalization.

(6) To also prepare and keep available in the office for the guidance of town assessors, boards of review and the county board of equalization, a land valuation map of the county, in such form as may be prescribed by the commissioner of revenue. This map, which shall include the bordering tier of townships of each county adjoining, shall show the average market value per acre, both with and without improvements, as finally equalized in the last assessment of real estate, of all land in each town or unorganized township which lies outside the corporate limits of cities.

(7) To regularly examine all conveyances of land outside the corporate limits of cities of the first and second class, filed with the county recorder of the county, and keep a file, by descriptions, of the considerations shown thereon. From the information obtained by comparing the considerations shown with the market values assessed, the assessor shall make recommendations to the county board of equalization of necessary changes in individual assessments or aggregate valuations.

(8) To prepare annually and keep available in the assessor's office for the guidance of boards of review and the county board of equalization, a table showing the market value per capita of all personal property in each assessment district in the county as finally equalized in the last previous assessment of personal property. For the guidance of the county board of equalization, the assessor shall also add to the table the market value per capita of all personal property of each assessment district for the current year as equalized by the local board of review.

(9) To become familiar with the values of the different items of personal property so as to be in a position when called upon to advise the boards of review and the county board of equalization concerning property, market values thereof.

(10) While the county board of equalization is in session, to give it every possible assistance to enable it to perform its duties. The assessor shall furnish the board with all necessary charts, tables, comparisons, and data which it requires in its deliberations, and shall make whatever investigations the board may desire.

(11) At the request of either the board of county commissioners or the commissioner of revenue, to investigate applications for reductions of valuation and abatements and settlements of taxes, examine the real or personal property involved, and submit written reports and recommendations with respect to the applications, in such form as may be prescribed by the board of county commissioners and commissioner of revenue.

(12) To make diligent search each year for real and personal property which has been omitted from assessment in the county, and report all such omissions to the county auditor.

(13) To regularly confer with county assessors in all adjacent counties about the assessment of property in order to uniformly assess and equalize the value of similar properties and classes of property located in adjacent counties. The conference shall emphasize the assessment of agricultural and commercial and industrial property or other properties that may have an inadequate number of sales in a single county.

(14) To render such other services pertaining to the assessment of real and personal property in the county as are not inconsistent with the duties set forth in this section, and as may be required by the board of county commissioners or by the commissioner of revenue.

(15) To maintain a record, in conjunction with other county offices, of all transfers of property to assist in determining the proper classification of property, including but not limited to, transferring homestead property and name changes on homestead property.

(16) To determine if a homestead application is required due to the transfer of homestead property or an owner's name change on homestead property.

Sec. 8. Minnesota Statutes 1992, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 6, 8, 9, 11, and 14 this section 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. The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property. 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, platted property shall be assessed as provided in subdivision 14. 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.

Sec. 9. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 1a. [LIMITED MARKET VALUE.] In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, or noncommercial seasonal recreational residential, the assessor shall compare the value with that determined in the preceding assessment. The amount of the increase entered in the current assessment shall not exceed the greater of (1) ten percent of the value in the preceding assessment, or (2) one-third of the difference between the current assessment and the preceding assessment. This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under section 273.11, subdivision 16.

The provisions of this subdivision shall be in effect only for assessment years 1993 through 1998.

For purposes of the assessment/sales ratio study conducted under section 124.2131, and the computation of state aids paid under chapters 124, 124A, and 477A, market values and net tax capacities determined under this subdivision and section 273.11, subdivision 16, shall be used.

Sec. 10. Minnesota Statutes 1992, section 273.11, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other provision of law to the contrary, the limitation contained in subdivision subdivisions 1 and 1a shall also apply to the authority of the local board of review as provided in section 274.01, the county board of equalization as provided in section 274.13, the state board of equalization and the commissioner of revenue as provided in sections 270.11, 270.12 and 270.16.

Sec. 11. Minnesota Statutes 1992, section 273.11, subdivision 6a, is amended to read:

Subd. 6a. [~~RESIDENTIAL~~ FIRE-SAFETY SPRINKLER SYSTEMS.] For purposes of property taxation, the market value of automatic fire-safety sprinkler systems installed in existing buildings after January 1, 1992, meeting the standards of the Minnesota fire code shall be excluded from the market value of (1) existing multifamily 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 and (2) existing real estate containing four or more contiguous residential units for use by customers of the owner, such as hotels, motels, and lodging houses and (3) existing office buildings or mixed use commercial-residential buildings, in which at least one story capable of occupancy is at least 75 feet above the ground. The market value exclusion under this section shall expire if the property is sold.

Sec. 12. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 15. [VACANT HOSPITALS.] In valuing a hospital, as defined in section 144.50, subdivision 2, that is located outside of a metropolitan county, as defined in section 473.121, subdivision 4, and that on the date of sale is vacant and not used for hospital purposes or for any other purpose, the assessor's estimated market value for taxes levied in the year of the sale shall be no greater than the sales price of the property, including both the land and the buildings, as adjusted for terms of financing. If the sale is made later than December 15, the market value as determined under this subdivision shall be used for taxes levied in the following year. This subdivision applies only if the sales price of the property was determined under an arms length transaction.

Sec. 13. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 16. [VALUATION EXCLUSION FOR CERTAIN IMPROVEMENTS.] Improvements to homestead property made before January 2, 2003, shall be fully or partially excluded from the value of the property for assessment purposes provided that the house is at least 35 years old at the time of the improvement. In the case of an owner-occupied duplex or triplex, the improvement is eligible regardless of which portion of the property was improved.

If the property lies in a jurisdiction which is subject to a building permit process, a building permit must have been issued covering the improvement. If the property lies in a jurisdiction which is not subject to a building permit process, the improvement must add at least \$1,000 to the value of the property. Only improvements to the structure which is the residence of the qualifying homesteader or the garage qualify for the provisions of this subdivision.

Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the assessor of the possibility of valuation exclusion under this subdivision. The assessor may require an application process and documentation of the age of the house from the owner, if unknown.

The assessor shall note the qualifying value of each improvement on the property's record, and the sum of those amounts shall be subtracted from the value of the property in each year for ten years after the improvement has been made, at which time an amount equal to 20 percent of the qualifying value shall be added back in each of the five subsequent assessment years. The valuation exclusion shall terminate whenever (1) the property is sold, or (2) the property is reclassified to a class which does not qualify for treatment under this subdivision.

The total qualifying value for a homestead may not exceed \$50,000. The total qualifying value for a homestead with a house that is less than 70 years old may not exceed \$25,000. The term "qualifying value" means the increase in estimated market value resulting from the improvement if the improvement occurs when the house is at least 70 years old, or one-half of the increase in estimated market value resulting from the improvement otherwise. The \$25,000 and \$50,000 maximum qualifying value under this section may result from up to three separate improvements to the homestead.

Sec. 14. Minnesota Statutes 1992, 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 or marital status; 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.

A golf club that has food or beverage facilities or services must allow equal access to those facilities and services for both men and women members in all membership categories at all times. Nothing in this paragraph shall be construed to require service or access to facilities to persons under the age of 21 years or require any act that would violate law or ordinance regarding sale, consumption, or regulation of alcoholic beverages.

For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident.

Sec. 15. Minnesota Statutes 1992, section 273.112, is amended by adding a subdivision to read:

Subd. 4a. Real estate devoted to golf and operated by a private club that does not meet the requirements of subdivision 3, and is not eligible for valuation and deferment under this section, must be valued for ad valorem tax purposes by the assessor as if it were converted to commercial, industrial, residential, or seasonal residential use and were platted and available for sale as individual parcels.

Sec. 16. Minnesota Statutes 1992, section 273.121, is amended to read:

273.121 [VALUATION OF REAL PROPERTY, NOTICE.]

Any county assessor or city assessor having the powers of a county assessor, valuing or classifying taxable real property shall in each year notify those persons whose property is to be assessed or reclassified that year if the person's address is known to the assessor, otherwise the occupant of the property. The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of review or equalization. It shall contain: (1) the amount of the valuation in terms of market value, (2) the limited market value under section 273.11, subdivision 1a, (3) the qualifying amount of any improvements under section 273.11, subdivision 16, (4) the market value subject to taxation after subtracting the amount of any qualifying improvements, (5) the new classification, (6) the assessor's office address, and (7) the dates, places, and times set for the meetings of the local board of review or equalization and the county board of equalization. If the assessment roll is not complete, the notice shall be sent by ordinary mail at least ten days prior to the date on which the board of review has adjourned. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from the assessor's governing body to provide such notices, may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and, if satisfied that the assessor does not have the necessary funds, issue a certification to the commissioner of finance of the amount necessary to provide such notices. The commissioner of finance shall issue a warrant for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

Sec. 17. Minnesota Statutes 1992, section 273.124, subdivision 1, is amended to read:

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

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

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

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

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

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

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

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son or daughter of the owner of the agricultural property,

(2) the owner of the agricultural property must be a Minnesota resident,

(3) the owner of the agricultural property is not eligible to receive homestead treatment on any other agricultural property in Minnesota, and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

Sec. 18. Minnesota Statutes 1992, section 273.124, is amended by adding a subdivision to read:

Subd. 6a. [PRELIMINARY APPROVAL OF LEASEHOLD COOPERATIVES.] Preliminary approval for classification as a leasehold cooperative may be granted to property when a developer proposes to construct one or more residential

dwellings or buildings using funds provided by the Minnesota housing finance agency if all of the following conditions are met:

(a) The developer must present an affidavit to the county attorney and to the governing body of the municipality that includes a statement of the developer's intention to comply with all requirements in subdivision 6 and a detailed description of the plan for doing so.

(b) The commissioner of the Minnesota housing finance agency must provide the county attorney and governing body with a description of the financing and related terms the commissioner proposes to provide with respect to the project, together with an objective assessment of the likelihood that the project will comply with the requirements of subdivision 6.

(c) The county attorney must review the materials provided under paragraphs (a) and (b), and may require the developer or the Minnesota housing finance agency to provide additional information. If the county attorney determines that it is reasonably likely that the project will meet the requirements of this subdivision, the county attorney shall provide preliminary approval to treatment of the property as a leasehold cooperative.

(d) The governing body shall conduct a public hearing as provided in subdivision 6, paragraph (j), and make its preliminary findings based on the information provided by the developer and the Minnesota housing finance agency.

Upon completion of the project and creation of the leasehold cooperative, actual compliance with the requirements of this subdivision must be demonstrated, and certified by the county attorney. A second hearing by the governing body is not required.

If the county attorney finds that the homestead treatment granted pursuant to a preliminary approval under this subdivision must be revoked because the completed project failed to meet the requirements of this subdivision, the benefits of the treatment shall be recaptured. The county assessor shall determine the amount by which the tax imposed on the property was reduced because it was treated as a leasehold cooperative. The developer shall be charged an amount equal to the tax reduction received or, if the county attorney determines that the failure to meet the requirements was due to the developer's intentional disregard of the requirements, 150 percent of the tax reduction received. The penalty must be paid to the county treasurer within 90 days after receipt of a statement from the treasurer. The proceeds of the penalty shall be distributed to the local taxing jurisdictions in proportion to the amounts of their levies on the property.

Sec. 19. Minnesota Statutes 1992, section 273.124, subdivision 9, is amended to read:

Subd. 9. [HOMESTEAD ESTABLISHED AFTER ASSESSMENT DATE.] Any property that was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead by ~~June~~ December 1 of a year, constitutes class 1 or class 2a.

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

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

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

The county assessor ~~shall~~ may publish in a newspaper of general circulation within the county ~~no later than June 1 of each year~~ a notice ~~informing~~ requesting the public ~~of the requirement~~ to file an application for homestead ~~prior to June 15~~ as soon as practicable after acquisition of a homestead, but no later than December 15.

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

Sec. 20. Minnesota Statutes 1992, section 273.124, subdivision 13, is amended to read:

Subd. 13. [HOMESTEAD APPLICATION.] (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

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

~~Every four years after the initial homestead application has been filed under this subdivision, a county shall mail a homestead application to the owner of each parcel of property to verify the continued eligibility for homestead status for all properties classified as homestead within the county in the prior year's assessment. The homestead application and procedures shall be done in the same manner as contained in this subdivision for the 1993 homestead application.~~

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

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

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

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

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

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

(i) If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification,

the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes.

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

(k) 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.

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

Sec. 21. Minnesota Statutes 1992, section 273.124, is amended by adding a subdivision to read:

Subd. 17. [OWNER-OCCUPIED MOTEL PROPERTY.] For purposes of class 1a determinations, a homestead includes that portion of property defined as a motel under chapter 157, provided that the person residing in the motel property is using that property as a homestead, is part owner, and is actively engaged in the operation of the motel business. Homestead treatment applies even if legal title to the property is in the name of a corporation or partnership and not in the name of the person residing in the motel. The homestead is limited to that portion of the motel actually occupied by the person.

A taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor under section 273.063, in writing, in order to qualify under this subdivision for 1a homestead classification.

Sec. 22. Minnesota Statutes 1992, section 273.124, is amended by adding a subdivision to read:

Subd. 18. [PROPERTY UNDERGOING RENOVATION.] Property that is not occupied as a homestead on the assessment date will be classified as a homestead if it meets each of the following requirements on that date:

(a) The structure is a single family or duplex residence.

(b) The property is owned by a church or an organization that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986.

(c) The organization is in the process of renovating the property for use as a homestead by an individual or family whose income is no greater than 60 percent of the county or area gross median income, adjusted for family size, and that renovation process and conveyance for use as a homestead can reasonably be expected to be completed within 12 months after construction begins.

The organization must apply to the assessor for classification under this subdivision within 30 days of its acquisition of the property, and must provide the assessor with the information necessary for the assessor to determine whether the property qualifies.

Sec. 23. Minnesota Statutes 1992, 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 has the same class rates as class 1a property under subdivision 22. If the market value of the house, garage, and surrounding one acre of land is less than \$115,000, the value of the remaining land including improvements equal to the difference between \$115,000 and the market value of the house, garage, and surrounding one acre of land has a net class rate of .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over \$115,000 of market value that does not exceed 320 acres has a net class rate of 1.3 percent of market value, and a gross class rate of 2.25 percent of market value. The remaining property over the \$115,000 market value in excess of 320 acres has a class rate of 1.6 percent of market value, and a gross class rate of 2.25 percent of market value.

(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 not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources;~~ or (3) real estate that is nonhomestead agricultural land. Class 2b property has a net class rate of 1.6 percent of market value, and a gross class rate of 2.25 percent of market value.

(c) 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 state or federal farm programs. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products.

(d) Real estate of less than ten acres used principally for raising or cultivating agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

(e) The term "agricultural products" as used in this subdivision includes:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1); and

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing.

(f) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

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. 24. Minnesota Statutes 1992, 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 class 5 property as identified in subdivision 31, clause (1), is class 3a. It has a class rate of ~~3.3~~ 3 percent of the first \$100,000 of market value for taxes payable in 1990, ~~3.2~~ 3 percent for taxes payable in 1991, ~~3.1~~ 3 percent for taxes payable in 1992, and ~~three~~ 3 percent for taxes payable in 1993 and thereafter, and 5.06 percent of the market value over \$100,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first \$100,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first \$100,000 of market value, except that:

(1) if the market value of the parcel is less than \$100,000, and additional parcels are owned by the same person or entity in the same city or town within that county, the reduced class rate shall be applied up to a combined total market value of \$100,000 for all parcels owned by the same person or entity in the same city or town within the county; and

(2) in the case of grain, fertilizer, and feed elevator facilities, as defined in section 18C.305, subdivision 1, or 232.21, subdivision 8, the limitation to one parcel per owner per county for the reduced class rate shall not apply, but there shall be a limit of \$100,000 of preferential value per site of contiguous parcels owned by the same person or entity. Only the value of the elevator portion of each parcel shall qualify for treatment under this clause. For purposes of this subdivision, contiguous parcels include parcels separated only by a railroad or public road right-of-way.

To receive the reduced class rate on additional parcels under clauses (1) and (2), the taxpayer must notify the county assessor that the taxpayer owns more than one parcel that qualifies under clause (1) or (2).

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a class rate of 2.3 percent of the first \$50,000 of market value and 3.6 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 class rate of the first \$100,000 of market value and the class rate of the remainder is determined under paragraph (a), 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. 25. Minnesota Statutes 1992, 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 class rate of 3.5 percent of market value for taxes payable in 1992, and 3.4 percent of market value for taxes payable in 1993 and thereafter.

(b) Class 4b includes:

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

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

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

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

(c) Class 4c property includes:

(1) a structure that is:

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

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

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

(2) a structure that is:

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

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

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

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

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

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

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

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

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

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The first \$100,000 of the market value of the remainder of the cabins or units and a proportionate share of the land on which they are located shall have a class rate of three percent. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the second year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

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

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

Class 4c property has a class rate of 2.3 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes under clause (5) has a class rate of 2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter, the first \$72,000 of market value on each parcel has a class rate of two percent and the market value of each parcel that exceeds \$72,000 has a class rate of 2.5 percent, and (ii) manufactured home parks assessed under clause (8) have a class rate of two percent for taxes payable in 1993, 1994, and 1995 only.

(d) Class 4d property includes:

(1) a structure that is:

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

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

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

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. For property for which application is made for 4c or 4d classification for taxes payable in 1994 and thereafter, and which was not classified 4c or 4d for taxes payable in 1993 those properties, 4c or 4d classification is available only for those units meeting the requirements of section 273.1318.

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

In the case of a structure financed or refinanced under any federal or state mortgage insurance or direct loan program exclusively for housing for the elderly or for housing for the handicapped, a unit shall be considered occupied so long as it is actually occupied by an elderly or handicapped person or, if vacant, is held for rental to an elderly or handicapped person.

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

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

Class 4d property has a class rate of two percent of market value except that property classified under clause (3), shall have the same class rate as class 1a property.

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

Sec. 26. Minnesota Statutes 1992, section 273.13, subdivision 33, is amended to read:

Subd. 33. [CLASSIFICATION OF UNIMPROVED PROPERTY.] (a) ~~Except as provided in paragraph~~ All real property that is not improved with a structure must be classified according to its current use.

(b) Real property that is not improved with a structure and for which there is no identifiable current use must be classified 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 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 unimproved land based upon the use made of surrounding land or land in proximity to the unimproved land.

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

Sec. 27. Minnesota Statutes 1992, section 273.1318, subdivision 1, is amended to read:

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

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

Sec. 28. Minnesota Statutes 1992, section 273.135, subdivision 2, is amended to read:

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be:

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

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to ~~the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate~~. In no case will the reduction for each homestead resulting from this credit be less than \$10.

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

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

Sec. 29. Minnesota Statutes 1992, section 273.33, subdivision 2, is amended to read:

Subd. 2. The personal property, consisting of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and assessed by the commissioner of revenue. This subdivision shall not apply to the assessment of the products transported through the pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipelines used by the owner thereof to supply natural gas or other petroleum products exclusively for such owner's own consumption and not for resale to others. If more than 85 percent of the natural gas or other petroleum products

actually transported over the pipeline is used for the owner's own consumption and not for resale to others, then this subdivision shall not apply; provided, however, that in that event, the pipeline shall be assessed in proportion to the percentage of gas actually transported over such pipeline that is not used for the owner's own consumption. On or before June 30, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located.

Sec. 30. Minnesota Statutes 1992, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. 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) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value ~~as defined in under section 272.03, subdivision 8~~ 273.11, subdivision 1;

(2) the property's taxable market value after reductions under sections 273.11, subdivisions 1a and 16;

(3) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);

(~~3~~) (4) a total of the following aids:

(i) education aids payable under chapters 124 and 124A;

(ii) local government aids for cities, towns, and counties under chapter 477A; and

(iii) disparity reduction aid under section 273.1398;

(4) (5) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(5) (6) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief";

(6) (7) the net tax payable in the manner required in paragraph (a); and

(7) (8) any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.61. These amounts shall be listed as "voter approved referenda levies."

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the

first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1.

Sec. 31. Minnesota Statutes 1992, section 375.192, subdivision 2, is amended to read:

Subd. 2. Upon written application by the owner of any property, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. The county board is authorized to consider and grant reductions or abatements on applications only as they relate to taxes payable in the current year and the two prior years; provided that reductions or abatements for the two prior years shall be considered or granted only for (i) clerical errors, or (ii) when the taxpayer fails to file for a reduction or an adjustment due to hardship, as determined by the county board. The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12. All applications must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board, except that the part of the application which is for the abatement of penalty or interest must be approved by the county treasurer and county auditor. Approval by the county or city assessor is not required for abatements of penalty or interest. No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. Before taking action on any reduction or abatement where the reduction of taxes, costs, penalties, and interest exceed \$10,000, the county board shall give 20 days' notice to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction. If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.

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

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

Sec. 32. [PENDING APPLICATIONS.]

(a) For applications under Minnesota Statutes, section 375.192, subdivision 2, pending prior to the effective date of this act, the county board's current policy is ratified by this act.

(b) If an applicant has filed a judicial action before January 1, 1993, for a reduction or abatement requiring the county to consider the application, paragraph (a) does not apply; provided, however, that no reduction or abatement may be considered by the county board for more than three years.

Sec. 33. Minnesota Statutes 1992, section 429.061, is amended by adding a subdivision to read:

Subd. 5. [SPECIAL ASSESSMENTS; ADMINISTRATIVE EXPENSES.] Notwithstanding any general or special law to the contrary, a municipality shall pay to the county auditor all administrative expenses incurred by the county under subdivision 3 for each special assessment of any local improvement certified by the municipality to the county auditor.

Sec. 34. Minnesota Statutes 1992, section 469.040, subdivision 3, is amended to read:

Subd. 3. [STATEMENT FILED WITH ASSESSOR; PERCENTAGE TAX ON RENTALS.] Notwithstanding the provisions of subdivision 1, after a housing project carried on under sections 469.016 to 469.026 has become occupied, in whole or in part, an authority shall file with the assessor, on or before ~~May 4~~ April 15 of each year, a statement of the aggregate shelter rentals of that project collected during the preceding calendar year. Unless a greater amount

has been agreed upon between the authority and the governing body or bodies for which the authority was created, in whose jurisdiction the project is located, five percent of the aggregate shelter rentals shall be charged to the authority as a service charge for the services and facilities to be furnished with respect to that project. The service charge shall be collected from the authority in the manner provided by law for the assessment and collection of taxes. The amount so collected shall be distributed to the several taxing bodies in the same proportion as the tax rate of each bears to the total tax rate of those taxing bodies. The governing body or bodies for which the authority has been created, in whose jurisdiction the project is located, may agree with the authority for the payment of a service charge for a housing project in an amount greater than five percent of the aggregate annual shelter rentals of any project, upon the basis of shelter rentals or upon another basis agreed upon. The service charge may not exceed the amount which would be payable in taxes were the property not exempt. If such an agreement is made, the service charge so agreed upon shall be collected and distributed in the manner above provided. If the project has become occupied, or if the land upon which the project is to be constructed has been acquired, the agreement shall specify the location of the project for which the agreement is made. "Shelter rental" means the total rentals of a housing project exclusive of any charge for utilities and special services such as heat, water, electricity, gas, sewage disposal, or garbage removal. "Service charge" means payment in lieu of taxes. The records of each housing project shall be open to inspection by the proper assessing officer.

Sec. 35. Laws 1985, chapter 302, section 1, subdivision 3, is amended to read:

Subd. 3. [SPECIAL SERVICES.] "Special services" means all services rendered or contracted for by the city for ~~snow, ice, and litter removal and cleaning of sidewalks, curbs, gutters, and streets and for banners and other decorations to be used to identify and promote the commercial area;~~

- (1) snow, ice removal, and sanding of public areas;
- (2) cleaning of streets, curbs, gutters, sidewalks, and alleys;
- (3) watering, fertilizing, maintenance, and replacement of trees and bushes on public right-of-way;
- (4) poster and handbill removal;
- (5) cleaning and scrubbing of sidewalks;
- (6) provision, installation, maintenance, removal, and replacement of banners and decorative items for promotion of commercial area;
- (7) repair and maintenance of sidewalks;
- (8) installation and maintenance of areawide security systems;
- (9) provision and coordination of security personnel to supplement regular city personnel;
- (10) maintenance, repair, and cleaning of commercial area directories, kiosks, benches, bus shelters, newspaper stands, trash receptacles, information booths, bicycle racks and bicycle storage containers, sculptures, murals, and other public area art pieces;
- (11) installation, maintenance, and removal of lighting on commercial area trees;
- (12) cost of electrical service for pedestrian and tree lighting;
- (13) repair of low-level pedestrian lights and poles;
- (14) provision of comprehensive liability insurance for public space improvements;
- (15) trash removal and recycling costs; and
- (16) provision, maintenance, and replacement of special signage relating to vehicle and bicycle parking, vehicle and pedestrian movement, and special events.

Special services do not include services that are ordinarily provided throughout the city from ordinary revenues of the city unless an increased level of service is provided in the special service district.

Sec. 36. Laws 1985, chapter 302, section 2, subdivision 1, is amended to read:

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt ~~an ordinance~~ ordinances:

(a) establishing a special service district in the part of Minneapolis which is south of 28th Street, west of Fremont Dupont Avenue South, north of 31st Street, and east of Humboldt Avenue South East Calhoun Parkway and East Lake of the Isles Parkway; and

(b) establishing a special service district south of Sixth Street southeast, west of Sixteenth Avenue Southeast, north of a line parallel to and 200 feet south of University Avenue and east of Twelfth Avenue Southeast.

Only property which is zoned for commercial, business, or industrial use under a municipal zoning ordinance may be included in a special service district. The ordinance shall describe with particularity the areas to be included in the district and the special services to be furnished. The ordinance may not be adopted until after a public hearing on the question. Notice of the hearing shall include:

- (1) the time and place of the hearing;
- (2) a map showing the boundaries of the proposed district; and
- (3) a statement that all persons owning property in the proposed district will be given an opportunity to be heard at the hearing.

Sec. 37. Laws 1985, chapter 302, section 4, is amended to read:

Sec. 4. [ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.]

The boundary of a special service district may be enlarged, ~~to an area not to exceed one square mile,~~ within the part of Minneapolis described in section 2 only after hearing and notice as provided in section 2. Notice shall be served in the original district and in the area proposed to be added to the district. Property added to the district shall be subject to all taxes levied and service charges imposed within the district after the property becomes a part of the district.

Sec. 38. [LOCAL APPROVAL.]

Sections 35 to 37 take effect the day after the governing body of the city of Minneapolis complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 39. [FLOODWOOD AREA AMBULANCE DISTRICT.]

Subdivision 1. [AGREEMENT.] The city of Floodwood and one or more of the towns of Floodwood, Van Buren, Halden, Cedar Valley, Ness, Arrowhead, Fine Lakes, and Prairie Lake, may by resolution of their city council and town boards establish the Floodwood area ambulance district. The town of Ness may provide that only a described part of its territory be included within the district. The St. Louis county board may by resolution provide that property located in unorganized territory 52-21 may be included within the district. The district shall make payments of the proceeds of the tax authorized in this section to the city of Floodwood, which shall provide ambulance services throughout the territory of the district and may exercise all the powers of the city and towns that relate to ambulance service anywhere within its territory. Any other contiguous town or home rule charter or statutory city may join the district with the agreement of the cities and towns that comprise the district at the time of its application to join. Action to join the district may be taken by the city council or town board of the city or town.

Subd. 2. [BOARD.] The district shall be governed by a board composed of one member appointed by the city council or town board of each city and town in the district. A district board member may, but is not required to, be a member of a city council or town board. Except as provided in this section, members shall serve two-year terms ending the first Monday in January and until their successors are appointed and qualified. Of the members first appointed, as far as possible, the terms of one-half shall expire on the first Monday in January in the first year following their appointment and one-half the first Monday in January in the second year. The terms of those initially appointed shall be determined by lot. If an additional member is added because an additional city or town joins the district, the member's term shall be fixed so that, as far as possible, the terms of one-half of all the members expire on the same date.

Subd. 3. [TAX.] The district may impose a property tax on real and personal property in the district in an amount sufficient to discharge its operating expenses and debt payable in each year, but not to exceed \$25,000 each year. The St. Louis county auditor and treasurer shall collect the tax and pay it to the Floodwood area ambulance district.

Subd. 4. [PUBLIC INDEBTEDNESS.] The district may incur debt in the manner provided for a municipality by Minnesota Statutes, chapter 475, when necessary to accomplish a duty charged to it.

Subd. 5. [WITHDRAWAL.] Upon two years' notice, a city or town may withdraw from the district. Its territory shall remain subject to taxation for debt incurred prior to its withdrawal pursuant to Minnesota Statutes, chapter 475.

Subd. 6. [EFFECTIVE DATE.] This section is effective in the city of Floodwood, and the towns of Floodwood, Van Buren, Halden, Cedar Valley, Ness, Arrowhead, Fine Lakes, and Prairie Lake the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each. This section is effective for unorganized territory 52-21 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the St. Louis county board.

Sec. 40. [CITY OF DULUTH; SPECIAL SERVICE DISTRICT.]

Subdivision 1. [DEFINITIONS.] For the purpose of this section, the terms defined in this subdivision have the following meanings:

(1) "City" means the city of Duluth.

(2) "Special services" means all services rendered or contracted for by the city, including but not limited to:

(i) the construction, repair, maintenance, and operation of any improvements authorized by Minnesota Statutes, sections 429.021 and 469.126;

(ii) the acquisition of property within a special service district, including through the use of the power of eminent domain;

(iii) the sale or lease of property in the special service district at or below "market rate" for the promotion of development within the district;

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

(v) promotional services provided or contracted for by the city; and

(vi) any other service provided to the public by the city as authorized by law or charter.

(3) "Special service district" means a defined area within the city in which special services are rendered and the costs of special services are paid from revenues collected from service charges imposed within the area as provided in this section.

Subd. 2. [RELATION TO MINNESOTA STATUTES, CHAPTER 428A.] The creation of a special service district under this section must be in accordance with the provisions of Minnesota Statutes, chapter 428A.

Subd. 3. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT; AREA.] The governing body of the city may establish a special service district in the city. The district shall be bounded on the northwest by Interstate Highway 35, on the northeast by the centerline of Sixth Avenue West and as the same is extended to the United States Harbor Line in St. Louis Bay, on the southeast by said Harbor Line and on the southwest by the centerline of Ninth Avenue West and as the same is extended to said Harbor Line.

Subd. 4. [SERVICE CHARGES; DETERMINATION OF AMOUNT.] Service charges based on the net tax capacity of the property within the district shall be distributed in a manner determined by the city council to be a fair, equitable, and reasonable method of determination, taking into account the character and impact of the services to be provided on each parcel in the district; provided, it shall not be necessary to establish a relationship between any special service charges on a parcel of property and the value of special benefits conferred upon that property.

Subd. 5. [DELEGATION TO ECONOMIC DEVELOPMENT AUTHORITY.] After the creation of a special service district, the city council may, by resolution, delegate the operation of the district to an economic development authority created pursuant to Minnesota Statutes, sections 469.090 to 469.108.

Sec. 41. [PROPERTY ACQUIRED FROM ELECTRIC COOPERATIVE.]

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

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

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

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

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

Sec. 42. [REPORT TO LEGISLATURE.]

By February 1 of each year, the commissioner of revenue shall make a report to the legislature on the use of limited market value under section 273.13, subdivision 1a, and the valuation exclusion under section 273.13, subdivision 16. For the limited market value provision, the report shall include the total value excluded from taxation by type of property for each city and town. For the valuation exclusion provision, the report shall include the total market value excluded from taxation for each city and town, as well as a breakdown of the excluded improvement amounts by age and value of the property being improved and the amount of the qualifying improvement. The county assessors shall provide the information necessary for the commissioner to compile the report in a manner prescribed by the commissioner.

Sec. 43. [REPEALER.]

(a) Minnesota Statutes 1992, section 272.115, subdivision 1a, is repealed.

(b) Minnesota Statutes 1992, section 273.124, subdivision 16, is repealed.

(c) Minnesota Statutes 1992, section 383C.78, is repealed.

Sec. 44. [EFFECTIVE DATE.]

Section 1 is effective April 1, 1994.

Sections 2, 3, clause (26), and 43, paragraph (b), are effective for taxes levied in 1993, payable in 1994, and thereafter.

Section 3, clause (25), is effective for taxes levied in 1991, payable in 1992, and thereafter. Upon application to and approval by the county auditor, the county treasurer shall refund to the taxpayer any taxes paid for 1992 that are exempt under section 3, clause (25). The refund shall be paid without interest. Each taxing jurisdiction must reimburse the county for the refund in the same proportion as the taxing jurisdiction's levy bears to the total levies of all jurisdictions for taxes payable in 1992. The amount of the reimbursement may be deducted in the next distribution of tax proceeds to the taxing jurisdiction.

Sections 4 to 7, 17, and 43, paragraph (a), are effective the day following final enactment, except that section 17, paragraphs (c) and (d) are effective for taxes payable in 1994 and thereafter.

Sections 8 to 10, 12, 19, 21 to 27, and 30 are effective for 1993 assessments for taxes payable in 1994 and subsequent years, except if provided otherwise.

Section 11, clauses (1) and (2), are effective for the 1992 assessment, taxes payable in 1993 and thereafter. Section 11, clause (3), is effective for the 1993 assessment, taxes payable in 1994 and thereafter.

Section 13 is effective for qualifying improvements made after January 2, 1993.

Sections 14 and 15 are effective for the 1994 assessment, payable in 1995, and thereafter. Notwithstanding Minnesota Statutes, section 273.112, subdivision 6, in order to qualify for valuation under Minnesota Statutes, section 273.112, for the 1994 assessment, the taxpayer of the property devoted to golf and operated by private clubs, that does not meet the requirement of Minnesota Statutes, section 273.112, subdivision 3, for the 1993 assessment year, must submit an affidavit or other written verification to the assessor showing that the bylaws in rules and regulations of the private club meet the eligibility requirements of Minnesota Statutes, section 273.112, by January 1, 1994.

Sections 16 and 18 are effective for assessment year 1994 and subsequent years.

Section 20 is effective for taxes payable in 1995 and thereafter.

Section 28 is effective for taxes payable in 1994 and thereafter.

Section 29 is effective for the 1991 assessment and thereafter, for taxes payable in 1992 and thereafter. For taxes payable in 1992 and 1993, any amounts paid by the property owner in excess of the amounts required by section 29 shall be paid by the county treasurer to the property owner under the abatement procedures.

Section 31 is effective for applications for reductions or abatements filed after the day of final enactment.

Section 33 is effective for assessments certified after July 1, 1993.

Section 40 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Duluth.

Section 43, clause (c) is repealed effective January 2, 1993, provided that any improvements made prior to January 2, 1993, shall continue to qualify for the delayed assessment provisions under section 383C.78 for the duration of the period provided in that section.

ARTICLE 6

PROPERTY TAX REFUND

Section 1. Minnesota Statutes 1992, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code; and

(xii) nontaxable scholarship or fellowship grants.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a), 102, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter; or

(e) child support payments received under a temporary or final decree of dissolution or legal separation.

(3) The sum of the following amounts may be subtracted from income:

(a) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(b) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(c) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(e) for the claimant's fifth dependent, the exemption amount; and

(f) if the claimant or claimant's spouse was disabled or attained the age of 65 ~~prior to June 1~~ on or before December 31 of the year for which the taxes were levied or rent paid, the exemption amount.

For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code of 1986, as amended through December 31, 1991, for the taxable year for which the income is reported.

Sec. 2. Minnesota Statutes 1992, section 290A.03, subdivision 7, is amended to read:

Subd. 7. [DEPENDENT.] "Dependent" means any person who is considered a dependent under sections 151 and 152 of the Internal Revenue Code of 1986, as amended through December 31, 1991. In the case of a son, stepson, daughter, or stepdaughter of the claimant, amounts received as an aid to families with dependent children grant ~~or~~ allowance to or on behalf of the child, surplus food, or other relief in kind supplied by a governmental agency must not be taken into account in determining whether the child received more than half of the child's support from the claimant.

Sec. 3. Minnesota Statutes 1992, section 290A.03, subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] (a) "Claimant" means a person, other than a dependent, as defined under sections 151 and 152 of the Internal Revenue Code of 1986, as amended through December 31, 1992, disregarding section 152(b)(3) of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a resident of this state as provided in chapter 290 during the calendar year for which the claim for relief was filed.

(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.

(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long-term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX of the Social Security Act, or the general assistance medical care program pursuant to section 256D.03, subdivision 3. If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3, paragraphs (1) and (2), reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care program and the denominator of which is income as defined in subdivision 3, paragraphs (1) and (2), plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter.

(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility or long-term residential facility for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home, intermediate care facility, or long-term residential facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is the income for the entire calendar year covered by the claim.

(e) In the case of a claim for rent constituting property taxes of a part-year Minnesota resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. If a homestead property owner was a part-year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

(f) If a homestead is occupied by two or more renters, who are not husband and wife, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be each renter's household income for purposes of computing the amount of credit to be allowed.

Sec. 4. Minnesota Statutes 1992, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than 12 percent over the net property taxes payable in the prior year on the same property that is owned by the same owner in both years, and the amount of that increase is \$80 or more for taxes payable in 1993, and \$100 or more for taxes payable in 1994, 1995, and 1996, a claimant who is a homeowner shall be allowed an additional refund equal to 75 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or \$80 for taxes payable in 1993, and 75 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or \$100 for taxes payable in 1994, 1995, and 1996. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes.

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

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

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

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

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

On or before December 1, 1993, 1994, and 1995, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in the following year. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1994, 1995, and 1996 exceed \$5,500,000, for each of the three years the commissioner shall increase the \$100 amount of tax increase which must occur before a taxpayer qualifies for a refund, and increase by an equal amount the \$100 threshold used in determining the amount of the refund, so that the estimated total refund claims do not exceed \$5,500,000 for taxes payable in 1994, for taxes payable in 1995, or for taxes payable in 1996.

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

Sec. 5. Minnesota Statutes 1992, section 290A.04, is amended by adding a subdivision to read:

Subd. 6. [INFLATION ADJUSTMENT.] Beginning for property tax refunds payable in calendar year 1995, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner shall make the inflation adjustments in accordance with section 290.06, subdivision 2d, except that for purposes of this subdivision the percentage increase shall be determined from the year ending on August 31, 1993, to the year ending on August 31 of the year preceding that in which the refund is payable. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount.

The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the administrative procedures act.

Sec. 6. Minnesota Statutes 1992, section 290A.23, is amended to read:

290A.23 [APPROPRIATION.]

Subdivision 1. [RENTERS CREDIT AND TARGETING.] For payments made before July 1, 1996, there is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivisions 2a and 2h. For payments made after June 30, 1996, the amount necessary to make the payments required under section 290A.04, subdivision 2a, are appropriated to the commissioner of revenue from the local government trust fund.

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

Sec. 7. [INCREASE IN PROPERTY TAX REFUNDS FOR RENTERS.]

(a) On the basis of the most recent forecast of local government trust fund revenues and expenditures, not including expenditures under this section, the commissioner of finance shall determine on or before July 1, 1994, whether the local government trust fund revenues for fiscal year 1995 will exceed the amount appropriated from the fund. If the amount of revenues are estimated to exceed appropriations, up to the first \$3,000,000 of the excess is appropriated from the local government trust fund to the commissioner of revenue to increase the payment of property tax refunds to renters under Minnesota Statutes, section 290A.04, subdivision 2a, for claims relating to rent constituting property

taxes for rents paid in 1993. The commissioner shall proportionately increase each claimant's refund by an amount the commissioner estimates is sufficient to pay out the additional appropriation. The amount paid to a claimant under this appropriation is not subject to the limitations under Minnesota Statutes, chapter 290A, on the maximum amount of a refund. The additional refund under this section shall be included with the originally authorized refund and paid at the same time as prescribed for the original refund under Minnesota Statutes, section 290A.07. The commissioner's adjustments are final. If, as a result of the commissioner's estimates the additional refund paid under this section exceeds the amount the commissioner originally determined as the available local government trust fund surplus, the excess is appropriated first from any remaining local government trust fund surplus and then, if necessary, from the general fund.

(b) If an additional appropriation is made under the provision of paragraph (a), the commissioner of revenue shall recommend modifications of the property tax refund schedule to the 1995 legislature to provide an equivalent permanent increase in the property tax refund for renters.

Sec. 8. [EFFECTIVE DATE.]

Section 1 is effective for refunds payable for rents paid in 1993 and property taxes payable in 1994, and thereafter.

Sections 2 and 3 are effective for refunds payable for rents paid in 1992 and property taxes payable in 1993, and thereafter.

Section 4 is effective for refunds for property taxes payable in 1994, 1995, and 1996 only.

ARTICLE 7

TRUTH IN TAXATION AND LEVY LIMIT TECHNICAL

Section 1. Minnesota Statutes 1992, section 103B.635, subdivision 2, is amended to read:

Subd. 2. [MUNICIPAL FUNDING OF DISTRICT.] (a) The governing body or board of supervisors of each municipality in the district must provide the funds necessary to meet its proportion of the total cost determined by the board, provided the total funding from all municipalities in the district for the costs shall not exceed an amount equal to .00242 percent of the total taxable market value within the district, unless three-fourths of the municipalities in the district pass a resolution concurring to the additional costs.

~~(b) A municipality may raise the funds by any means that the municipality has to raise funds. The municipalities may each levy a tax not to exceed .00242 percent of taxable market value on the taxable property located in the district for funding the district. The levy must be within all other limitations provided by law.~~

(c) The funds must be deposited in the treasury of the district in amounts and at times as the treasurer of the district requires.

Sec. 2. Minnesota Statutes 1992, section 134.001, is amended by adding a subdivision to read:

Subd. 8. [REGIONAL PUBLIC LIBRARY DISTRICT.] "Regional public library district" means a governmental unit formed according to this chapter to operate multicounty public library services.

Sec. 3. [134.201] [REGIONAL LIBRARY DISTRICT.]

Subdivision 1. [ESTABLISHMENT.] Regional public library districts may be established under this section in the areas of the existing Great River Regional library system and the East Central Regional library system. The geographic boundaries shall be those established by the state board of education under section 134.34, subdivision 3.

Subd. 2. [FORMATION.] A regional public library district may be formed by:

(1) approval of a majority of the city councils and boards of county commissioners of the cities and counties that finance regional public library system services and represent a majority of the population to be served; or

(2) a majority of those voting on the issue in the entire area to be served by the district in a referendum called after petitions for the referendum have been filed in each of the local governmental units. Petitions must be signed by

eligible voters in a number not less than five percent of the number of persons who voted in the last general election in each city and county that is a party to the system contract or agreement.

A city that is not participating in a regional public library system may join the district by majority vote of the city council or by referendum under clause (2) and with the approval of the board of the regional public library district.

Subd. 3. [TERMINATION.] A regional public library district may be terminated at any time after the district has been in operation for three years. The procedure for termination is the same as that for creation under subdivision 2, clause (2).

Subd. 4. [BOARD.] (a) If the district is formed under subdivision 2, clause (1), the board of the public regional library district shall be composed of one county commissioner or the commissioner's designee from each county in the district's service area and one elected member from each county for each ten percent or a major fraction of the district's population. A majority of the members of the board must be elected members.

(b) If the district is formed under subdivision 2, clause (2), the board of the regional library district shall be composed of one member elected from each county in the district's service area and one member elected from each county for each ten percent or a major fraction of the district's population.

(c) Elected board members shall be elected at large from a county at a November election. Board members elected shall assume office on the following January 2. The term of a member shall be four years, with the terms of an initial board to expire in two years for one-half of the members. The board shall organize itself under section 134.11, subdivision 1. The board has the powers and duties set forth in section 134.11, subdivision 2.

Subd. 5. [GENERAL LEVY AUTHORITY.] The board may levy for operation of public library service. This levy shall replace levies for operation of public library service by cities and counties authorized in section 134.07. The amount levied shall be spread on the net tax capacity of all taxable property in the district at a uniform tax rate.

(a) The maximum amount that may be levied by a board under this section is the greater of: (1) the statewide average local support per capita for public library services for the most recent reporting period available, as certified by the commissioner of education, multiplied by the population of the district according to the most recent estimate of the state demographer or the metropolitan council; or (2) the total amount provided by participating counties and cities under section 134.34, subdivision 4, during the year preceding the first year of operation.

(b) For its first year of operation, the board shall levy an amount not less than the total dollar amount provided by participating cities and counties during the preceding year under section 134.34, subdivision 4.

Subd. 6. [BASIC SYSTEM SUPPORT GRANT.] A regional public library district that meets federal and state requirements for a regional library basic system support grant is eligible to receive a grant. A regional library basic system support grant shall not be made to a regional public library district if the district board reduces its levy for operation of public library service below the amount of the levy in the preceding year.

Subd. 7. [LIBRARY BUILDINGS.] In addition to the levy authorized in subdivision 5 and all other levies authorized for cities and counties, a city or county served by a library district may levy for the construction, acquisition, maintenance, and utilities costs of library buildings. The board of a district may issue bonds, with an election, according to chapter 475 or levy under this section a special capital levy for capital improvements for a library building. A district may purchase or lease a building to be used for library purposes from a city or county.

Subd. 8. [BORROW MONEY.] The board of a district may borrow money and issue tax anticipation certificates as needed to provide library services or for library buildings.

Subd. 9. [TRANSITION PROVISIONS.] If a regional public library system is reorganized into a regional public library district there will be a transition period. The transition period shall begin at the time the regional public library system board adopts a resolution that recommends formation of a district to its participants and that sets an effective date for the establishment of the district. During the transition period participating counties and cities must fund public library services under their existing contracts, and planning for administrative changes may occur. The regional public library system board shall continue until the district board members assume their duties, at which time the transition period ends.

Subd. 10. [ASSUMPTION OF ASSETS, LIABILITIES, AND CONTRACTS.] Upon assumption of responsibilities by the regional public library district board, the regional public library system assets, liabilities, and existing contracts, including contracts negotiated under chapter 179A, shall become the assets, liabilities, and contracts of the regional public library district board.

Sec. 4. Minnesota Statutes 1992, section 134.35, subdivision 1, is amended to read:

Subdivision 1. [GRANT APPLICATION.] Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. Regional public library districts under section 134.201 may not compensate board members using grant funds. The amount of each grant for each fiscal year shall be calculated as provided in this section.

Sec. 5. Minnesota Statutes 1992, section 134.351, subdivision 4, is amended to read:

Subd. 4. [GOVERNANCE.] In any area where the boundaries of a proposed multicounty, multitype library system coincide with the boundaries of the regional library system or district, the regional library system or district board shall be designated as the governing board for the multicounty, multitype library system. In any area where a proposed multicounty, multitype library system encompasses more than one regional library system or district, the governing board of the multicounty, multitype library system shall consist of nine members appointed by the cooperating regional library system or district boards from their own membership in proportion to the population served by each cooperating regional library system or district. In each multicounty, multitype library system there shall be established an advisory committee consisting of two representatives of public libraries, two representatives of school media services, one representative of special libraries, one representative of public supported academic libraries, and one representative of private academic libraries. The advisory committee shall recommend needed policy to the system governing board.

Sec. 6. Minnesota Statutes 1992, section 204D.19, is amended by adding a subdivision to read:

Subd. 5. [PROHIBITION.] No special election shall be held under this section on the second Tuesday in December.

Sec. 7. Minnesota Statutes 1992, section 205.10, is amended by adding a subdivision to read:

Subd. 3. [PROHIBITION.] No special election shall be held under this section on the second Tuesday in December.

Sec. 8. Minnesota Statutes 1992, 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 30 days before and the 30 days after the state primary or state general election, or on the second Tuesday in December. 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.

Sec. 9. Minnesota Statutes 1992, section 275.065, subdivision 3, is amended to read:

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

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

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year and, for a town, the amount of its final levy. It must

clearly state that each taxing authority, other than a town or special taxing district including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. For 1993, the notice must clearly state that each taxing authority holding a public meeting will describe the increases or decreases of the total budget, including employee and independent contractor compensation in the prior year, current year, and the proposed budget year.

(d) The notice must state for each parcel:

(1) the market value of the property as defined determined under section ~~272.03, subdivision 8~~ 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district excess referenda levy, remaining school district levy, regional library district, if in existence, the total of the metropolitan special taxing districts as defined in paragraph (i) and the sum of the remaining special taxing districts, and as a total of the taxing authorities, including all special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year. In the case of the city of Minneapolis, the levy for the Minneapolis library board and the levy for Minneapolis park and recreation shall be listed separately from the remaining amount of the city's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

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

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

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(5) any additional amount levied in lieu of a local sales and use tax, unless this amount is included in the proposed or final taxes.

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

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

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

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) metropolitan council under section 473.132, 473.167, 473.249, 473.325, 473.521, 473.547, or 473.834;

(2) metropolitan airports commission under section 473.667, 473.671, or 473.672;

(3) regional transit board under section 473.446; and

(4) metropolitan mosquito control commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

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

Sec. 10. Minnesota Statutes 1992, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city that has a population of more than 1,000, county, a metropolitan special taxing district as defined in subdivision 3, paragraph (i), a regional library district established under section 134.201, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or, in the case of a school district, to review its current budget and proposed property taxes payable in the following year, at a public hearing. The notice must be published not less than two business days nor more than six business days before the hearing.

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

~~For a city that has a population of 2,500 or more, a county or a school district, the first headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 30 point, and the second headline must be in a type no smaller than 22 point. The text of the advertisement must be no smaller than 14 point, except that the property tax amounts and percentages may be in 12 point type.~~

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

For purposes of this section, the metropolitan special taxing district's advertisement must only be published in the Minneapolis Star and Tribune and the St. Paul Pioneer Press.

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

"NOTICE OF

PROPOSED PROPERTY TAXES

(City/County/School District/Metropolitan
Special Taxing District/Regional
Library District) of

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

NOTICE OF PUBLIC HEARING:

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

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

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

(e) The commissioner of revenue, subject to the approval of the chairs of the house and senate tax committees, shall prescribe the form and format of the advertisement.

(f) For calendar year 1993, each taxing authority required to publish an advertisement must include on the advertisement a statement that information on the increases or decreases of the total budget, including employee and independent contractor compensation in the prior year, current year, and proposed budget year will be discussed at the hearing.

(g) Notwithstanding paragraph (f), for 1993, the commissioner of revenue shall prescribe the form, format, and content of an advertisement comparing current and proposed expense budgets for the metropolitan council, the metropolitan airports commission, the metropolitan mosquito control commission, and the regional transit board. The expense budget must include occupancy, personnel, contractual and capital improvement expenses. The form, format, and content of the advertisement must be approved by the chairs of the house and senate tax committees prior to publication.

Sec. 11. Minnesota Statutes 1992, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 29 and December 20, the governing bodies of the city and county, metropolitan special taxing districts as defined in subdivision 3, paragraph (i), and regional library districts shall each hold a public hearing to adopt discuss and seek public comment on its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to review its current budget and adopt its proposed property tax levy for taxes payable in the following year. The metropolitan special taxing districts shall be required to hold only a single joint public hearing, the location of which will be determined by the affected metropolitan agencies.

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

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

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124.82, subdivision 3, 124A.03, subdivision 2, 124B.03, subdivision 2, or 136C.411, after the proposed levy was certified;

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

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

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

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; and

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

At the hearing under this subdivision, 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. At the hearing held in 1993 only, specific information for previous year, current year, and proposed budget year must be presented on:

- (i) percent of total proposed budget representing total compensation cost;
- (ii) numbers of employees by general classification, and whether full or part time;
- (iii) number and budgeted expenditures for independent contractors; and
- (iv) the effect of budget increases or decreases on the proposed property tax levy.

During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions ~~prior to adoption of any measures by the governing body.~~ At a subsequent hearing, the governing body, other than the governing body of a school district, shall adopt its final property tax levy prior to adopting its final budget.

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

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The governing body of a county shall hold ~~its~~ a hearing on the second Tuesday in December each year, and may hold additional hearings on other dates before December 20 if necessary for the convenience of county residents. The county auditor shall provide for the coordination of hearing dates for all cities and school districts within the county.

By August 15 10, each school board and the board of the regional library district shall certify to the county auditors of the counties in which the school district or regional library district is located the dates on which it elects to hold its hearings and any continuations. If a school board or regional library district does not certify the dates by August 15 10, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. The county auditor shall coordinate with the metropolitan special taxing districts as defined in subdivision 3, paragraph (i), a date on which the metropolitan special taxing districts will hold their joint public hearing and any continuation. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts, metropolitan special taxing districts, and regional library districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations. The city must not select dates that conflict with the county hearing dates, metropolitan special taxing district dates, or with those elected by or assigned to the school districts or regional library district in which the city is located.

The county hearing dates and the city, metropolitan special taxing district, regional library district, and school district hearing dates must be designated on the notices required under subdivision 3. The continuation dates need not be stated on the notices.

This subdivision does not apply to towns and special taxing districts other than regional library districts and metropolitan special taxing districts.

Notwithstanding the requirements of this section, the employer is required to meet and negotiate over employee compensation as provided for in chapter 179A.

Sec. 12. Minnesota Statutes 1992, section 275.065, is amended by adding a subdivision to read:

Subd. 8. [HEARING.] Notwithstanding any other provision of law, Ramsey county, the city of St. Paul, and independent school district No. 625 are authorized to and shall hold their public hearing jointly. The hearing must be held on the second Tuesday of December each year. The advertisement required in subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the requirements of this section.

Ramsey county is authorized to hold an additional hearing or hearings as provided under this section, provided that any additional hearings must not conflict with the hearing dates of the other taxing districts. However, if Ramsey county elects not to hold such additional hearing or hearings, the joint hearing required by this subdivision must be held in a St. Paul location convenient to residents of Ramsey county.

Sec. 13. Minnesota Statutes 1992, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. 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, the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (j), school district excess referenda levy, remaining school district levy, and the total of other voter approved referenda levies based on market value under section 275.61~~ must be separately stated. The amounts due ~~all other special 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) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value as defined in section 272.03, subdivision 8;
- (2) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);
- (3) a total of the following aids:
 - (i) education aids payable under chapters 124 and 124A;
 - (ii) local government aids for cities, towns, and counties under chapter 477A; and
 - (iii) disparity reduction aid under section 273.1398;
- (4) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;
- (5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and
- (6) the net tax payable in the manner required in paragraph (a); ~~and~~
- ~~(7) any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.61. These amounts shall be listed as "voter approved referenda levies."~~

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1.

Sec. 14. [383A.75] [JOINT PROPERTY TAX ADVISORY COMMITTEE.]

Subdivision 1. [CREATION.] There is created the joint property tax advisory committee.

Subd. 2. [MEMBERSHIP.] The membership of the committee consists of the mayor and up to three members of the city council of the city of St. Paul; the county manager and up to three members of the county board of Ramsey county; and the superintendent and up to three members of the board of education of independent school district No. 625. The chair of the Ramsey county league of local governments shall be a nonvoting ex officio member. The committee shall be convened by the mayor of St. Paul, and at the first meeting, the chair for the first year must be determined by lot, and thereafter, the chair must annually rotate among the mayor or designee, the superintendent or designee, and the county manager or designee.

Subd. 3. [DUTIES.] The committee is authorized to and shall meet from time to time to make appropriate recommendations for the efficient and effective use of property tax dollars raised by the jurisdictions for programs, buildings, and operations. In addition, the committee shall:

(1) identify trends and factors likely to be driving budget outcomes over the next five years with recommendations for how the jurisdictions should manage those trends and factors to increase efficiency and effectiveness;

(2) agree, by August 1 of each year, on the appropriate level of overall property tax levy for the three jurisdictions and publicly report such to the governing bodies of each jurisdiction for ratification or modification by resolution;

(3) plan for the joint truth-in-taxation hearings under section 275.065, subdivision 8; and

(4) identify, by December 31 of each year, areas of the budget to be targeted in the coming year for joint review to improve services or achieve efficiencies.

In carrying out its duties, the committee shall consult with public employees of each jurisdiction and with other stakeholders of the city, county, and school district, as appropriate.

Subd. 4. [STAFF; FUNDING.] The committee must be staffed by employees as designated by each jurisdiction. The committee may also seek public or private funding from any source to assist its work and may utilize volunteer help as appropriate.

Subd. 5. [RECOGNITION OF INNOVATIVE EFFORTS BY LOCAL EMPLOYEES.] The committee may use public or private funding to recognize or reward efforts by local government employees to restructure service delivery to improve efficiency or achieve cost savings.

Sec. 15. Minnesota Statutes 1992, section 473.13, subdivision 1, is amended to read:

Subdivision 1. [BUDGET.] On or before ~~October 4~~ December 20 of each year the council, after a the public hearing required in section 275.065, shall adopt a final budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. The budget shall state in detail the expenditures for each program to be undertaken, including the expenses for salaries, consultant services, overhead, travel, printing, and other items. The budget shall state in detail the capital expenditures of the council for the budget year, based on a five-year capital program adopted by the council and transmitted to the legislature. After adoption of the budget, an increase of over \$10,000 in the council's budget, a program or department budget, or a budget item, must be approved by the council before the increase is allowed or the funds obligated. After adoption of the budget and no later than ~~October 4~~ five working days after December 20, the council shall certify to the auditor of each metropolitan county the share of the tax to be levied within that county, which must be an amount bearing the same proportion to the total levy agreed on by the council as the net tax capacity of the county bears to the net tax capacity of the metropolitan area. The maximum amount of any levy made for the purpose of this chapter may not exceed the limits set by sections 473.167 and 473.249.

Sec. 16. Minnesota Statutes 1992, section 473.1623, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL REPORT.] By ~~December~~ February 15 of even-numbered years, the council, in consultation with the advisory committee, shall publish a consolidated financial report for the council and all metropolitan agencies and their functions, services, and systems. The financial report must cover the calendar year in which the report is published and the ~~two~~ three years preceding and ~~three~~ two years succeeding that year. The financial report must

contain the following information, for each agency, function, or system, respectively, and in the aggregate, in a consistent format that allows comparison over time and among agencies in expenditure and revenue categories:

- (1) financial policies, goals, and priorities;
- (2) levels and allocation of public expenditure, including capital, debt, operating, and pass-through funds, stated in the aggregate and by appropriate functional, programmatic, administrative, and geographic categories, and the changes in expenditure levels and allocations that the report represents;
- (3) the resources available under existing fiscal policy;
- (4) additional resources, if any, that are or may be required;
- (5) changes in council or agency policies on regional sources of revenue and in levels of debt, user charges, and taxes;
- (6) other changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that have been or may be recommended by the council or the respective agencies;
- (7) an analysis that links, as far as practicable, the uses of funds and the sources of funds, by appropriate categories and in the aggregate;
- (8) a description of how the fiscal policies effectuate current policy and implementation plans of the council and agencies concerned; and
- (9) a summary of significant changes in council and agency finance and an analysis of fiscal trends.

The council shall present the report for discussion and comment at a public meeting in the metropolitan area and request, in writing, an opportunity to make presentations on the report before appropriate committees of the legislature.

Sec. 17. Minnesota Statutes 1992, section 473.167, subdivision 4, is amended to read:

Subd. 4. [STATE REVIEW.] The commissioner of revenue shall certify the council's levy limitation under this section to the council by August 1 of the levy year. The council must certify its proposed property tax levy to the commissioner of revenue by ~~August 1~~ September 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax for the right-of-way acquisition loan fund certified by the metropolitan council for levy following the adoption of its proposed budget is within the levy limitation imposed by this section. The determination must be completed prior to ~~September 1~~ 10 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculation.

Sec. 18. Minnesota Statutes 1992, section 473.249, subdivision 2, is amended to read:

Subd. 2. The commissioner of revenue shall certify the council's levy limitation under this section to the council by August 1 of the levy year. The council must certify its proposed property tax levy to the commissioner of revenue by ~~August 1~~ September 1 of the levy year. The commissioner of revenue shall annually determine whether the ad valorem property tax certified by the metropolitan council for levy following the adoption of its proposed budget is within the levy limitation imposed by this section. The determination shall be completed prior to ~~September 1~~ 10 of each year. If current information regarding gross tax capacity in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current gross tax capacity within that county for purposes of making the calculation.

Sec. 19. Minnesota Statutes 1992, section 473.446, subdivision 8, is amended to read:

Subd. 8. [STATE REVIEW.] The board must certify its property tax levy to the commissioner of revenue by August 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax for general purposes certified by the regional transit board for levy following the adoption of its budget is within the levy limitation imposed by subdivision 1. The commissioner shall also annually determine whether the transit tax imposed on all taxable property within the metropolitan transit area but outside of the metropolitan transit taxing district is

within the levy limitation imposed by subdivision 1a. The determination must be completed prior to September 10 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculations.

Sec. 20. Minnesota Statutes 1992, section 473.711, subdivision 5, is amended to read:

Subd. 5. [STATE REVIEW.] The commission must certify its property tax levy to the commissioner of revenue by August 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax certified by the metropolitan mosquito control commission for levy following the adoption of its budget is within the levy limitation imposed by subdivision 2. The determination must be completed prior to September 10 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculation.

Sec. 21. Laws 1953, chapter 387, section 1, is amended to read:

Section 1. [Library board, Minneapolis.] The library board of any city now or hereafter having more than 450,000 inhabitants may levy annually on all real and personal property within such city a tax ~~not exceeding four mills on each dollar of the assessed valuation of such city~~ for the establishment, maintenance and government of the libraries of such city, and for the payment of all other expenses proper and incidental to the establishment, maintenance and government of such libraries. ~~The tax herein authorized to be levied shall not at any time be in excess of the maximum rate of taxation fixed for the purposes herein mentioned by any board or department of any such city upon whom the duty of fixing the maximum rate of taxation for the various boards and departments thereof is placed by the charter of such city. For the purpose of determining such tax limitations the property classified as Class 3b or as Class 3c by Section 273.13 M.S. may be computed at 33 1/3 percent and 40 percent, respectively, of the full and true value of such real property is not subject to any limitations on levies in the city charter.~~

Sec. 22. Laws 1969, chapter 561, section 1, is amended to read:

Section 1. [Minneapolis, city of; park improvement fund; tax levy.] The board of park commissioners of the City of Minneapolis may create a park improvement fund to be maintained by an annual tax levy on the real and personal property of the city ~~not exceeding six tenths of a mill on each dollar of the assessed valuation of the city~~. The amount of any such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city, but is not subject to any charter limitation on the amount of levies for this purpose.

Sec. 23. Laws 1971, chapter 373, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; TAX LEVY FOR PARK AND RECREATION FACILITIES.] Subdivision 1. The park and recreation board of the city of Minneapolis may levy annually on the real and personal property of the city ~~not exceeding 8.7 mills on each dollar of the assessed valuation of the city~~ for the purpose of acquiring, equipping, improving, maintaining, operating, and governing parks, parkways, playgrounds and other recreational facilities, and conducting recreational programs for the public use.

Sec. 24. Laws 1971, chapter 373, section 2, is amended to read:

Sec. 2. Any levy under this act shall ~~not~~ be in addition to any levy now authorized for any of such purposes by the charter of the city or by Laws 1969, Chapter 592; the amount of such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city. All taxes so levied shall be certified to the county auditor on or before ~~October 10~~ September 1 each year, and shall be collected with, and the payment thereof enforced, in the same manner as the general tax and with like penalties and interest.

Sec. 25. Laws 1971, chapter 455, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; PARKS AND PARKWAYS; MAINTENANCE FUND; CREATION OF FUND, TAX LEVY.] The park and recreation board of the city of Minneapolis may create a park rehabilitation and parkway maintenance fund to be maintained by an annual tax levy on the real and personal property of the city ~~not exceeding 1.1 mills on each dollar of the assessed valuation of the city~~. The amount of any such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city, but is not subject to any charter limitations on the amount of levies for this purpose.

Sec. 26. [CANCELLATION OF LEVY LIMIT PENALTIES.]

Any penalty imposed on a local government under Minnesota Statutes 1990, section 275.51, subdivision 4, is canceled provided that (1) the penalty has not been collected from aid payments to the local government by the end of calendar year 1992 and (2) the local government is not certified to receive any aid in 1993 from which the penalty can be collected.

Sec. 27. [APPLICATION.]

The provisions of this article relating to metropolitan taxing districts apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 28. [REPEALER.]

Laws 1953, chapter 387, section 2; Laws 1963, chapter 603, section 1; and Laws 1969, chapter 592, sections 1, 2, and 3, are repealed.

Sec. 29. [EFFECTIVE DATE.]

Sections 1, 6 to 8, 13, 15 to 25, 27, and 28 are effective for taxes levied in 1993, payable in 1994 and thereafter.

Section 3, subdivision 5, and the provisions of sections 9 to 11 relating to regional library districts are effective for property taxes levied in 1994, payable in 1995, and thereafter. The other provisions of sections 9 to 11 are effective for property taxes levied in 1993, payable in 1994 and thereafter.

Sections 12 and 14 are effective the day following final enactment and without local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, clause (a), and shall expire after December 31, 1997.

Section 26 is effective beginning with aids payable in calendar year 1993.

ARTICLE 8

INCOME TAX AND FEDERAL UPDATE

Section 1. Minnesota Statutes 1992, section 289A.09, is amended by adding a subdivision to read:

Subd. 3. [FEDERAL ANNUITIES; TAX WITHHOLDING REQUEST.] The commissioner of revenue shall participate with the United States Office of Personnel Management in a program of voluntary state income tax withholding on the federal annuities of retired federal employees. Upon the request of the taxpayer to the commissioner of revenue, and only on request of the taxpayer, the commissioner shall provide for state income tax withholding on federal annuities paid to the taxpayer.

Sec. 2. Minnesota Statutes 1992, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

~~(b)(1) Unless clause (2) applies, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, exceeds \$500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month.~~

~~(2) If at the close of any eighth monthly period the aggregate amount of undeposited taxes is \$3,000 or more, the employer, or person withholding tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, shall deposit~~

~~the undeposited taxes with the commissioner within three banking days after the close of the eighth monthly period. For purposes of this clause, the term "eighth monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the part of a calendar month following the 25th day of the month. An employer who, during the previous quarter, withheld more than \$500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Treasury Regulation, section 31.6302-1, without regard to the safe harbor or de minimus rules in subparagraph (f) or the one-day rule in subsection (c), clause (3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.~~

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds \$240,000, the employer must remit each required deposit in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

Sec. 3. Minnesota Statutes 1992, section 289A.26, subdivision 7, is amended to read:

Subd. 7. [REQUIRED INSTALLMENTS.] (a) Except as otherwise provided in this subdivision, the amount of a required installment is 25 percent of the required annual payment.

(b) Except as otherwise provided in this subdivision, the term "required annual payment" means the lesser of:

(1)(i) ~~for tax years beginning in calendar year 1992, 93~~ 97 percent of the tax shown on the return for the taxable year, ~~or, if no return is filed, 93~~ 97 percent of the tax for that year;

(ii) ~~for tax years beginning after December 31, 1992, 95 percent of the tax shown on the return for the taxable year, or if no return is filed 95 percent of the tax for that year; or~~

(2) 100 percent of the tax shown on the return of the entity for the preceding taxable year provided the return was for a full 12-month period, showed a liability, and was filed by the entity.

(c) Except for determining the first required installment for any taxable year, paragraph (b), clause (2), does not apply in the case of a large corporation. The term "large corporation" means a corporation or any predecessor corporation that had taxable net income of \$1,000,000 or more for any taxable year during the testing period. The term "testing period" means the three taxable years immediately preceding the taxable year involved. A reduction allowed to a large corporation for the first installment that is allowed by applying paragraph (b), clause (2), must be recaptured by increasing the next required installment by the amount of the reduction.

(d) In the case of a required installment, if the corporation establishes that the annualized income installment is less than the amount determined in paragraph (a), the amount of the required installment is the annualized income installment and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing later required installments to the extent the reductions have not previously been recovered.

(e) The "annualized income installment" is the excess, if any, of:

(1) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the taxable income:

- (i) for the first two months of the taxable year, in the case of the first required installment;
 - (ii) for the first two months or for the first five months of the taxable year, in the case of the second required installment;
 - (iii) for the first six months or for the first eight months of the taxable year, in the case of the third required installment; and
 - (iv) for the first nine months or for the first 11 months of the taxable year, in the case of the fourth required installment, over
- (2) the aggregate amount of any prior required installments for the taxable year.

(3) For the purpose of this paragraph, the annualized income shall be computed by placing on an annualized basis the taxable income for the year up to the end of the month preceding the due date for the quarterly payment multiplied by 12 and dividing the resulting amount by the number of months in the taxable year (2, 5, 6, 8, 9, or 11 as the case may be) referred to in clause (1).

(4) The "applicable percentage" used in clause (1) is:

For the following required installments:	for tax years beginning in 1992	The applicable percentage is:	for tax years beginning after December 31, 1992
1st	23.25	<u>24.25</u>	23.75
2nd	46.5	<u>48.5</u>	47.5
3rd	69.75	<u>72.75</u>	71.25
4th	93	<u>97</u>	95

(f)(1) If this paragraph applies, the amount determined for any installment must be determined in the following manner:

- (i) take the taxable income for the months during the taxable year preceding the filing month;
- (ii) divide that amount by the base period percentage for the months during the taxable year preceding the filing month;
- (iii) determine the tax on the amount determined under item (ii); and
- (iv) multiply the tax computed under item (iii) by the base period percentage for the filing month and the months during the taxable year preceding the filing month.

(2) For purposes of this paragraph:

(i) the "base period percentage" for a period of months is the average percent that the taxable income for the corresponding months in each of the three preceding taxable years bears to the taxable income for the three preceding taxable years;

(ii) the term "filing month" means the month in which the installment is required to be paid;

(iii) this paragraph only applies if the base period percentage for any six consecutive months of the taxable year equals or exceeds 70 percent; and

(iv) the commissioner may provide by rule for the determination of the base period percentage in the case of reorganizations, new corporations, and other similar circumstances.

(3) In the case of a required installment determined under this paragraph, if the entity determines that the installment is less than the amount determined in paragraph (a), the amount of the required installment is the amount

determined under this paragraph and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing later required installments to the extent the reductions have not previously been recovered.

Sec. 4. Minnesota Statutes 1992, section 289A.50, subdivision 5, is amended to read:

Subd. 5. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT AND MAINTENANCE DEBTORS.] (a) If a court of this state finds that a person obligated to pay child support or maintenance is delinquent in making payments, the amount of child support or maintenance unpaid and owing, including attorney fees and costs incurred in ascertaining or collecting child support or maintenance, must be withheld from a refund due the person under chapter 290. The public agency responsible for child support enforcement or the parent or guardian of a child for whom the support, attorney fees, and costs are owed or the party to whom maintenance, attorney fees, and costs are owed may petition the district ~~or county~~ court for an order providing for the withholding of the amount of child support, maintenance, attorney fees, and costs unpaid and owing as determined by court order. The person from whom the refund may be withheld must be notified of the petition under the rules of civil procedure before the issuance of an order under this subdivision. The order may be granted on a showing to the court that required support or maintenance payments, attorney fees, and costs have not been paid when they were due.

(b) On order of the court, the commissioner shall withhold the money from the refund due to the person obligated to pay the child support or maintenance. The amount withheld shall be remitted to the public agency responsible for child support enforcement ~~or to~~ the parent or guardian petitioning on behalf of the child, or the party to whom maintenance is owed, after any delinquent tax obligations of the taxpayer owed to the revenue department have been satisfied and after deduction of the fee prescribed in section 270A.07, subdivision 1. An amount received by the responsible public agency, or the petitioning parent or guardian, or the party to whom maintenance is owed, in excess of the amount of public assistance spent for the benefit of the child to be supported, or the amount of any support, maintenance, attorney fees, and costs that had been the subject of the claim under this subdivision that has been paid by the taxpayer before the diversion of the refund, must be paid to the person entitled to the money. If the refund is based on a joint return, the part of the refund that must be paid to the petitioner is the proportion of the total refund that equals the proportion of the total federal adjusted gross income of the spouses that is the federal adjusted gross income of the spouse who is delinquent in making the child support or maintenance payments.

(c) A petition filed under this subdivision remains in effect with respect to any refunds due under this section until the support ~~money or maintenance~~, attorney fees, and costs have been paid in full or the court orders the commissioner to discontinue withholding the money from the refund due the person obligated to pay the support or maintenance, attorney fees, and costs. If a petition is filed under this subdivision concerning child support and a claim is made under chapter 270A with respect to the individual's refund and notices of both are received before the time when payment of the refund is made on either claim, the claim relating to the liability that accrued first in time must be paid first. The amount of the refund remaining must then be applied to the other claim.

Sec. 5. Minnesota Statutes 1992, section 290.01, subdivision 7, is amended to read:

Subd. 7. [RESIDENT.] The term "resident" means (1) any individual domiciled in Minnesota, except that an individual is not a "resident" for the period of time that the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code of 1986, as amended through December 31, 1991, ~~unless, during that period, a Minnesota homestead application is filed for property in which the individual has an interest if the qualified individual notifies the county within three months of moving out of the country that homestead status be revoked for the Minnesota residence of the qualified individual, and the property is not classified as a homestead while the individual remains a qualified individual;~~ and (2) any individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless the individual or the spouse of the individual is in the armed forces of the United States, or the individual is covered under the reciprocity provisions in section 290.081.

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. Individuals shall keep adequate records to substantiate the days spent outside the state.

The term "abode" means a dwelling maintained by an individual, whether or not owned by the individual and whether or not occupied by the individual, and includes a dwelling place owned or leased by the individual's spouse.

Sec. 6. Minnesota Statutes 1992, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any

elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(h) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, and the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

The Internal Revenue Code of 1986, as amended through December 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

The provisions of sections 1936 and 1937 of the Comprehensive National Energy Policy Act of 1992, Public Law Number 102-486, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1992, shall be in effect for taxable years beginning after December 31, 1992.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 7. Minnesota Statutes 1992, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute, and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(h) of the Internal Revenue Code, making the payment; and

(iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;

(2) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income tax is the last itemized deduction disallowed; ~~and~~

(3) the capital gain amount of a lump sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law Number 99-514, applies; and

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729.

Sec. 8. Minnesota Statutes 1992, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. [CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.] For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; ~~or~~ the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any windfall profits tax deducted under section 164 or 471 of the Internal Revenue Code;

(5) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(6) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 of the Internal Revenue Code;

(7) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(8) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(9) the amount of any charitable contributions deducted for federal income tax purposes under section 170 of the Internal Revenue Code;

(10) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(11) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(12) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities; and

(13) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g).

Sec. 9. Minnesota Statutes 1992, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter equal to ~~ten~~ 15 percent of the credit for which the individual is eligible under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1991.

For a nonresident or part-year resident, the credit determined under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1991, must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income.

Sec. 10. Minnesota Statutes 1992, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the Minnesota charitable contribution deduction and non-Minnesota charitable deductions to the extent they are included in federal alternative minimum taxable income under section 57(a)(6) of the Internal Revenue Code, and excluding the medical expense deduction;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) 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, ~~1991~~ 1992.

(c) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(d) "Tentative minimum tax" equals seven percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(e) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(f) "Net minimum tax" means the minimum tax imposed by this section.

(g) "Minnesota charitable contribution deduction" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses (a) to (e).

Sec. 11. Minnesota Statutes 1992, section 290.091, subdivision 6, is amended to read:

Subd. 6. [CREDIT FOR PRIOR YEARS' LIABILITY.] (a) A credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for the taxable year of

(1) the regular tax, over

(2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

(b) The adjusted net minimum tax for a taxable year equals the lesser of the net minimum tax or the excess (if any) of

(1) the tentative minimum tax, over

(2) seven percent of the sum of

(i) adjusted gross income as defined in section 62 of the Internal Revenue Code,

(ii) interest income as defined in section 290.01, subdivision 19a, clause (1),

(iii) interest on specified private activity bonds, as defined in section 57(a)(5) of the Internal Revenue Code, to the extent not included under clause (ii),

(iv) depletion as defined in section 57(a)(1), determined without regard to the last sentence of paragraph (1), of the Internal Revenue Code, less

- (v) the deductions provided in clauses (3)(i), (3)(ii), and (3)(iii) of subdivision 2, paragraph (a), and
- (vi) the exemption amount determined under subdivision 3.

In the case of an individual who is not a Minnesota resident for the entire year, adjusted net minimum tax must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax must be multiplied by the fraction defined under subdivision 4, paragraph (b).

Sec. 12. Minnesota Statutes 1992, section 290.0921, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE MINIMUM TAXABLE INCOME.] "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c).

(2) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(3) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(4) The special rule for dividends from section 936 companies under section 56(g)(4)(C)(iii) does not apply.

(5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(6) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to subparagraph (E) and the subtraction under section 290.01, subdivision 19d, clause (4).

(7) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(8) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(9) For purposes of calculating the tax preference for accelerated depreciation or amortization on certain property placed in service before January 1, 1987, under section 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the deduction allowed under section 290.01, subdivision 19e.

(10) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

(11) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (10), or (iii) the amount of royalties, fees or other like income subtracted as provided in section 290.01, subdivision 19d, clause (11).

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

Sec. 13. Minnesota Statutes 1992, section 290.191, subdivision 4, is amended to read:

Subd. 4. [APPORTIONMENT FORMULA FOR CERTAIN MAIL ORDER BUSINESSES.] If the business of a corporation, partnership, or proprietorship consists exclusively of the selling of tangible personal property and services

in response to orders received by United States mail or telephone, and 99 percent of the taxpayer's property and payroll is within Minnesota, then the taxpayer may apportion net income to Minnesota based solely upon the percentage that the sales made within this state in connection with ~~the~~ its trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period. Property and payroll factors are disregarded. In determining eligibility for this subdivision:

(1) the sale not in the ordinary course of business of tangible or intangible assets used in conducting business activities must be disregarded; and

(2) property and payroll at a distribution center outside of Minnesota are disregarded if the sole activity at the distribution center is the filling of orders, and no solicitation of orders occurs at the distribution center.

Sec. 14. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through December 31, 1992" for the words "Internal Revenue Code of 1986, as amended through December 31, 1991" where the phrase occurs in chapters 289A, 290, 290A, 291, and 297, except for section 290.01, subdivision 19, and for the words "Internal Revenue Code of 1986, as amended through December 31, 1988," where the phrase occurs in chapter 298. In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through December 31, 1992," for references to the Internal Revenue Code of 1954 or the Internal Revenue Code of 1986, as amended through dates set in sections 61A.276; 82A.02; 136.58; 181B.02; 181B.07; 246A.23; 246A.26, subdivisions 1, 2, 3, and 4; 272.02, subdivision 1; 273.11, subdivision 8; 297A.01, subdivision 3; 297A.25, subdivision 25; 352.01, subdivision 2b; 354A.021, subdivision 5; 355.01, subdivision 9; and 356.62.

Sec. 15. [EFFECTIVE DATE.]

Section 2 is effective for payments received after December 31, 1993.

Section 3 is effective for tax years beginning after December 31, 1993.

Sections 5 to 14 are effective for tax years beginning after December 31, 1992.

ARTICLE 9

SALES AND SPECIAL TAXES

Section 1. [17.451] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 and 2.

Subd. 2. [FARMED CERVIDAE.] "Farmed cervidae" means members of the cervidae family that are:

(1) raised for the purpose of producing fiber, meat, or animal by-products or as breeding stock;

(2) held in a constructed enclosure designed to prevent escape; and

(3) registered in a manner approved by the board of animal health and marked or identified with a unique number or other system approved by the board.

Subd. 3. [OWNER.] "Owner" means a person who owns or is responsible for the raising of farmed cervidae.

Sec. 2. [17.452] [FARM-RAISED CERVIDAE.]

Subdivision 1. [PROMOTION AND COORDINATION.] (a) The commissioner shall promote the commercial raising of farmed cervidae and shall coordinate programs and rules related to the commercial raising of farmed cervidae. Farmed cervidae research, projects, and demonstrations must be reported to the commissioner before state appropriations for the research projects or demonstrations are encumbered. The commissioner shall maintain a data base of information on raising farmed cervidae.

(b) The commissioner shall appoint a farmed cervidae advisory committee to advise the commissioner on farmed cervidae issues. The advisory committee shall consist of representatives from the University of Minnesota, the commissioner of agriculture, the board of animal health, the commissioner of natural resources, the commissioner of trade and economic development, a statewide elk breeders association, a statewide deer breeders association, a statewide deer farmers association, and members of the house of representatives and the senate. The committee shall meet at least twice a year at the call of the commissioner of agriculture.

Subd. 2. [DEVELOPMENT PROGRAM.] The commissioner may establish a Minnesota development and aid program that may support applied research, demonstration, financing, marketing, promotion, breeding development, registration, and other services for owners.

Subd. 3. [REPORT.] The commissioner shall include information on farmed cervidae in the department's statistical reports on Minnesota agriculture.

Subd. 4. [FARMED CERVIDAE ARE LIVESTOCK.] Farmed cervidae are livestock and are not wild animals for purposes of game farm, hunting, or wildlife laws. Farmed cervidae and their products are farm products and livestock for purposes of financial transactions and collateral.

Subd. 5. [RAISING FARMED CERVIDAE IS AN AGRICULTURAL PURSUIT.] Raising farmed cervidae is agricultural production and an agricultural pursuit.

Subd. 6. [RUNNING AT LARGE PROHIBITED.] (a) An owner may not allow farmed cervidae to run at large. The owner must make all reasonable efforts to return escaped farmed cervidae to their enclosures as soon as possible. The owner must notify the commissioner of natural resources of the escape of farmed red deer if the farmed red deer are not returned or captured by the owner within 72 hours of their escape.

(b) An owner is liable for expenses of another person in capturing, caring for, and returning farmed cervidae that have left their enclosures if the person capturing the farmed cervidae contacts the owner as soon as possible.

(c) If an owner is unwilling or unable to capture escaped farmed cervidae, the commissioner of natural resources may destroy the escaped farmed cervidae under this paragraph if the escaped farmed cervidae are a threat to the health or population of native species. The commissioner must allow the owner to attempt to capture the escaped farmed cervidae prior to destroying the farmed cervidae. Farmed cervidae that are not captured by 14 days after escape may be destroyed.

(d) The owner must notify the commissioner of natural resources of the escape of farmed cervidae from a quarantined herd if the farmed cervidae are not returned to or captured by the owner within 72 hours of their escape. The escaped farmed cervidae from the quarantined herd may be destroyed by the commissioner of natural resources if the escaped farmed cervidae are a threat to the health or population of native species.

Subd. 7. [FARMING IN NATIVE ELK AREA.] A person may not raise farmed red deer in the native elk area without written approval of the commissioner of natural resources. The native elk area is the area north of U.S. Highway 2 and west of U.S. Highway 71 and trunk highway 72. The commissioner shall review the proposed farming operation and approve with any condition or deny approval based on risks to the native elk population.

Subd. 8. [SLAUGHTER.] Farmed cervidae must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary program for exotic animals, Code of Federal Regulations, title 9, part 352.

Subd. 9. [SALES OF FARMED CERVIDAE AND MEAT PRODUCTS.] Persons selling or buying farmed cervidae sold as livestock, sold for human consumption, or sold for slaughter must comply with chapters 17A, 31, 31A, and 31B.

Subd. 10. [FENCING.] (a) Farmed cervidae must be confined in a manner designed to prevent escape. Fencing must meet the requirements in this subdivision unless an alternative is specifically approved by the commissioner. The board of animal health shall follow the guidelines established by the United States Department of Agriculture in the program for eradication of bovine tuberculosis. Fencing must be of the following heights:

(1) for farmed deer, at least 75 inches; and

(2) for farmed elk, at least 90 inches.

(b) The farmed cervidae advisory committee shall establish guidelines designed to prevent the escape of farmed cervidae and other appropriate management practices.

(c) The commissioner of agriculture in consultation with the commissioner of natural resources shall adopt rules prescribing fencing criteria for farmed cervidae.

Subd. 11. [DISEASE INSPECTION.] Farmed cervidae herds are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.

Subd. 12. [IDENTIFICATION.] (a) Farmed cervidae must be identified by brands, markings, tags, collars, electronic implants, tattoos, or other means of identification approved by the board of animal health. The board shall authorize discrete permanent identification for farmed cervidae in public displays or other forums where visible identification is objectionable.

(b) Identification of farmed cervidae is subject to sections 35.821 to 35.831.

(c) The board of animal health shall register farmed cervidae upon request of the owner. The owner must submit the registration request on forms provided by the board. The forms must include sales receipts or other documentation of the origin of the cervidae. The board shall provide copies of the registration information to the commissioner of natural resources upon request. The owner must keep written records of the acquisition and disposition of registered farmed cervidae.

Subd. 13. [INSPECTION.] The commissioner of agriculture and the board of animal health may inspect farmed cervidae and farmed cervidae records. The commissioner of natural resources may inspect farmed cervidae and farmed cervidae records with reasonable suspicion that laws protecting native wild animals have been violated. The owner must be notified in writing at the time of the inspection of the reason for the inspection and informed in writing after the inspection of whether (1) the cause of the inspection was unfounded; or (2) there will be an ongoing investigation or continuing evaluation.

Subd. 14. [CONTESTED CASE HEARING.] A person raising farmed cervidae that is aggrieved with any decision regarding the farmed cervidae may request a contested case hearing under chapter 14.

Sec. 3. [17.453] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 3 and 4.

Subd. 2. [OWNER.] "Owner" means a person who owns or is responsible for the raising of ratitae.

Subd. 3. [RATITAE.] "Ratitae" means members of the ratitae family (including ostriches, emus, and rheas) that are raised for the purpose of producing fiber, meat, or animal by-products or as breeding stock.

Sec. 4. [17.454] [RATITAE.]

Subdivision 1. [RATITAE ARE LIVESTOCK.] Ratitae are livestock and are not wild animals for purposes of hunting or wildlife laws. Ratitae and their products are farm products and livestock for purposes of financial transactions and collateral.

Subd. 2. [RAISING RATITAE IS AN AGRICULTURAL PURSUIT.] Raising ratitae is agricultural production and an agricultural pursuit.

Subd. 3. [SALES OF RATITAE AND MEAT PRODUCTS.] Persons selling or buying ratitae sold as livestock, sold for human consumption, or sold for slaughter must comply with chapters 17A, 28A, 31, 31A, and 31B.

Subd. 4. [SLAUGHTER.] Ratitae must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary inspection program for exotic animals, Code of Federal Regulations, title 9, part 352.

Subd. 5. [DISEASE INSPECTION.] Ratitae are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.

Sec. 5. [17.455] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 5 and 6.

Subd. 2. [LLAMA.] "Llama" means a member of the genus lama that is raised for the purpose of producing fiber, meat, or animal by-products or as breeding stock.

Subd. 3. [OWNER.] "Owner" means a person who owns or is responsible for the raising of llamas.

Sec. 6. [17.456] [LLAMA.]

Subdivision 1. [LLAMAS ARE LIVESTOCK.] Llamas are livestock and are not wild animals for purposes of hunting or wildlife laws. Llamas and their products are farm products and livestock for purposes of financial transactions and collateral.

Subd. 2. [RAISING LLAMAS IS AN AGRICULTURAL PURSUIT.] Raising llamas is agricultural production and an agricultural pursuit.

Subd. 3. [SALES OF LLAMAS AND MEAT PRODUCTS.] Persons selling or buying llamas sold as livestock, sold for human consumption, or sold for slaughter must comply with chapters 17A, 28A, 31, 31A, and 31B.

Subd. 4. [SLAUGHTER.] Llamas must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary inspection program for exotic animals, Code of Federal Regulations, title 9, part 352.

Subd. 5. [DISEASE INSPECTION.] Llamas are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.

Sec. 7. Minnesota Statutes 1992, section 17A.03, subdivision 5, is amended to read:

Subd. 5. [LIVESTOCK.] "Livestock" means cattle, sheep, swine, horses intended for slaughter, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, and goats.

Sec. 8. Minnesota Statutes 1992, section 31.51, subdivision 9, is amended to read:

Subd. 9. "Animal" means cattle, swine, sheep, goats, farmed cervidae, as defined in section 17.451, subdivision 2, horses, mules or other equines, llamas as defined in section 17.455, subdivision 2, and ratitae, as defined in section 17.453, subdivision 3.

Sec. 9. Minnesota Statutes 1992, section 31A.02, subdivision 4, is amended to read:

Subd. 4. [ANIMALS.] "Animals" means cattle, swine, sheep, goats, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, horses, equines, and other large domesticated animals, not including poultry.

Sec. 10. Minnesota Statutes 1992, section 31A.02, subdivision 10, is amended to read:

Subd. 10. [MEAT FOOD PRODUCT.] "Meat food product" means a product usable as human food and made wholly or in part from meat or a portion of the carcass of cattle, sheep, swine, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, or goats. "Meat food product" does not include products which contain meat or other portions of the carcasses of cattle, sheep, swine, farmed cervidae, llamas, ratitae, or goats only in a relatively small proportion or that historically have not been considered by consumers as products of the meat food industry, and which are exempted from definition as a meat food product by the commissioner under the conditions the commissioner prescribes to assure that the meat or other portions of carcasses contained in the products are not adulterated and that the products are not represented as meat food products.

"Meat food product," as applied to products of equines, has a meaning comparable to that for cattle, sheep, swine, farmed cervidae, llamas, ratitae, and goats.

Sec. 11. Minnesota Statutes 1992, section 31B.02, subdivision 4, is amended to read:

Subd. 4. [LIVESTOCK.] "Livestock" means live or dead cattle, sheep, swine, horses, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, or goats.

Sec. 12. Minnesota Statutes 1992, section 35.821, subdivision 4, is amended to read:

Subd. 4. [MARK.] "Mark" means a permanent identification cut from the ear or ears of a live animal and for farmed cervidae, as defined in section 17.451, subdivision 2, means a tag, collar, electronic implant, tattoo, or other means of identification approved by the board.

Sec. 13. Minnesota Statutes 1992, section 115B.22, subdivision 7, is amended to read:

Subd. 7. [DISPOSITION OF PROCEEDS.] After reimbursement to the department of revenue for costs incurred in administering sections 115B.22 and 115B.24, the proceeds of the taxes imposed under this section including any interest and penalties shall be deposited in the environmental response, compensation, and compliance account.

Sec. 14. Minnesota Statutes 1992, section 239.785, is amended to read:

239.785 [LIQUEFIED PETROLEUM GAS SALES.]

Subdivision 1. [LIABILITY FOR PAYMENT.] (a) The operator of a terminal that sells located in Minnesota from which liquefied petroleum gas for resale to retail customers is dispensed for use or sale in this state other than for delivery to another terminal shall pay a fee equal to one mill for each gallon of liquefied petroleum gas sold by the terminal dispensed.

(b) Any person in Minnesota, other than the operator of a terminal, receiving liquefied petroleum gas from a source outside of Minnesota for use or sale in this state shall pay a fee equal to one mill for each gallon of liquefied petroleum gas received.

Subd. 2. [DUE DATES FOR FILING OF RETURNS AND PAYMENT.] The fee must be remitted monthly to on a form prescribed by the commissioner of revenue for deposit in the general fund. The fee must be paid and the return filed on or before the 23rd day of each month following the month in which the liquefied petroleum gas was delivered or received.

Subd. 3. [PENALTIES.] An operator or person who fails to pay the fee imposed under this section is subject to the penalties provided in sections 296.15 and 296.25.

Subd. 4. [COMMISSIONER'S AUTHORITY.] The provisions of chapter 296 relating to the commissioner's authority to audit, assess, and collect the tax imposed by that chapter apply to the fee imposed by this section.

Subd. 5. [INTEREST.] Fees and penalties are subject to interest at the rate provided in section 270.75.

Sec. 15. Minnesota Statutes 1992, section 289A.56, subdivision 3, is amended to read:

Subd. 3. [WITHHOLDING TAX, ENTERTAINER WITHHOLDING TAX, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, ESTATE TAX, AND SALES TAX OVERPAYMENTS.] When a refund is due for overpayments of withholding tax, entertainer withholding tax, withholding from payments to out-of-state contractors, or estate tax, or sales tax, interest is computed from the date of payment to the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the later of the date the tax was finally due or was paid.

For purposes of computing interest on sales and use tax refunds, interest is paid from the date of payment to the date the refund is paid or credited, if the refund claim includes a detailed schedule reflecting the tax periods covered in the claim. If the refund claim submitted does not include a detailed schedule reflecting the tax periods covered in the claim, interest is computed from the date the claim was filed.

Sec. 16. Minnesota Statutes 1992, section 289A.63, subdivision 3, is amended to read:

Subd. 3. [SALES WITHOUT PERMIT; VIOLATIONS.] (a) A person who engages in the business of making retail sales in Minnesota without the permit ~~or permits~~ required under chapter 297A, or a responsible officer of a corporation who so engages in business, is guilty of a gross misdemeanor.

(b) A person who engages in the business of making retail sales in Minnesota after revocation of a permit under section 297A.07, when the commissioner has not issued a new permit, is guilty of a felony.

Sec. 17. Minnesota Statutes 1992, section 296.01, is amended by adding a subdivision to read:

Subd. 33a. [REREFINED WASTE OIL.] "Rerefined waste oil" means waste lubrication oils that have been cracked and distilled to produce a petroleum distillate intended for use as a motor fuel in internal combustion diesel engines.

Sec. 18. Minnesota Statutes 1992, section 296.01, is amended by adding a subdivision to read:

Subd. 38. [PASSENGER SNOWMOBILE.] "Passenger snowmobile" means a self-propelled vehicle designed for travel on snow or ice, steered by skis or runners, with an enclosed passenger section that provides seating for not less than four nor more than twelve passengers.

Sec. 19. Minnesota Statutes 1992, section 296.02, subdivision 8, is amended to read:

Subd. 8. [CREDITS FOR SALES TO GOVERNMENTS AND SCHOOLS.] A distributor shall be allowed a credit of 80 cents for every gallon of fuel grade alcohol blended with gasoline to produce agricultural alcohol gasoline which is sold to the state, local units of government, or for use in the transportation of pupils to and from school-related events in school vehicles owned by or under contract to a school district. This reduction is in lieu of the reductions provided in subdivision 7.

Sec. 20. [296.035] [CREDIT FOR CERTAIN FUELS.]

A licensed distributor or a special fuel dealer, either of which elects to pay the tax under section 296.12, subdivision 3a, at the time special fuel is sold or delivered into the supply tank of a licensed motor vehicle, is allowed a credit of ten cents per gallon for each gallon of rerefined waste oil sold or delivered into the supply tank of a licensed motor vehicle. A credit of ten cents per gallon is allowed a licensed distributor or special fuel dealer for each gallon of rerefined waste oil delivered into the storage tank of a retail service station operated by the distributor or a special fuel dealer, if either the distributor or special fuel dealer does not elect to pay the tax under section 296.12, subdivision 3a, at the time special fuel is sold or delivered into the supply tank of a licensed motor vehicle. Bulk purchasers are allowed a credit of ten cents per gallon for each gallon of rerefined waste oil that is purchased by them and used in a licensed motor vehicle.

Sec. 21. Minnesota Statutes 1992, section 296.18, subdivision 1, is amended to read:

Subdivision 1. [CLAIM; FUEL USED IN OTHER VEHICLES.] Any person who shall buy and use gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles except as provided in clause (2), or motorboats, or special fuel for a qualifying purpose other than use in licensed motor vehicles, and who shall have paid the Minnesota excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a signed claim in writing in the form and containing the information the commissioner shall require and accompanied by the original invoice thereof. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The claim shall set forth the total amount of the gasoline so purchased and used by the applicant other than in motor vehicles, or special fuel so purchased and used by the applicant other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to the payments, shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a "qualifying purpose" means:

(1) Gasoline or special fuel used in carrying on a trade or business, used on a farm situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code of 1986, as amended through December 31, 1988.

(2) Gasoline or special fuel used for off-highway business use. "Off-highway business use" means any use by a person in that person's trade, business, or activity for the production of income. "Off-highway business use" includes use of a passenger snowmobile off the public highways as part of the operations of a resort as defined in section 157.01, subdivision 1. "Off-highway business use" does not include use as a fuel in a motor vehicle which, at the time of use, is registered or is required to be registered for highway use under the laws of any state or foreign country.

(3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured in Minnesota, and shipped by interstate carrier to destinations in other states or foreign countries.

Sec. 22. Minnesota Statutes 1992, section 297A.01, subdivision 6, is amended to read:

Subd. 6. "Use" includes the exercise of any right or power over tangible personal property, or tickets or admissions to places of amusement or athletic events, purchased from a retailer incident to the ownership of any interest in that property, except that it does not include the sale of that property in the regular course of business.

"Use" includes the consumption of printed materials which are consumed in the creation of nontaxable advertising that is distributed, either directly or indirectly, within Minnesota.

Sec. 23. Minnesota Statutes 1992, section 297A.01, subdivision 13, is amended to read:

Subd. 13. "Agricultural production," as used in section 297A.25, subdivision 9, includes, but is not limited to, horticulture; floriculture; raising of pets, fur bearing animals, research animals, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, and horses.

Sec. 24. Minnesota Statutes 1992, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories, and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" includes:

(1) machinery for the preparation, seeding or cultivation of soil for growing agricultural crops and sod, harvesting and threshing of agricultural products, harvesting or mowing of sod, and certain machinery for dairy, livestock and poultry farms;

(2) barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations, whether or not the equipment is installed by the seller and becomes part of the real property;

(3) irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property;

(4) logging equipment, including chain saws used for commercial logging; ~~and~~

(5) fencing used for the containment of farmed cervidae, as defined in section 17.451, subdivision 2; and

(6) primary and backup generator units used to generate electricity for the purpose of operating farm machinery, as defined in this subdivision, or providing light or space heating necessary for the production of livestock, dairy animals, dairy products, or poultry and poultry products.

Repair or replacement parts for farm machinery shall not be included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material except fencing material covered by clause (5), communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers except those

used in the production of sod for sale, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines.

Sec. 25. Minnesota Statutes 1992, section 297A.01, subdivision 16, is amended to read:

Subd. 16. [CAPITAL EQUIPMENT.] (a) Capital equipment means machinery and equipment and the materials and supplies necessary to construct or install the machinery or equipment. To qualify under this definition the capital equipment must be used by the purchaser or lessee for manufacturing, fabricating, mining, quarrying, or refining a product tangible personal property, for electronically transmitting results retrieved by a customer of an on-line computerized data retrieval system, or for the generation of electricity or steam, to be sold at retail and must be used for the establishment of a new or the physical expansion of an existing manufacturing, fabricating, mining, quarrying, or refining facility in the state. For purposes of this subdivision, "mining" includes peat mining, and "on-line computerized data retrieval system" refers to a system whose cumulation of information is equally available and accessible to all its customers.

(b) Capital equipment does not include the following:

(1) machinery or equipment purchased or leased to replace machinery or equipment performing substantially the same function in an existing facility;

(2) repair or replacement parts, or including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications, and whether purchased before or after the machinery or equipment is placed into service. Parts or accessories are treated as capital equipment only to the extent that they are a part of and are essential to the operation of the machinery or equipment as initially purchased;

(3) machinery or equipment used to receive or store raw materials;

(4) building materials, including materials used for foundations that support machinery or equipment;

(5) machinery or equipment used for nonproduction purposes, including, but not limited to, the following: machinery and equipment used for plant security, fire prevention, first aid, and hospital stations; machinery and equipment used in support operations or for administrative purposes; machinery and equipment used solely for pollution control, prevention, or abatement; machinery and equipment used for environmental control, except that when a controlled environment is essential for the manufacture of a particular product, the machinery or equipment that controls the environment can qualify as capital equipment; and machinery and equipment used in plant cleaning, disposal of scrap and waste, plant communications, lighting, or safety;

(6) "farm machinery" as defined by section 297A.01, subdivision 15, "special tooling" as defined by section 297A.01, subdivision 17, and "aquaculture production equipment" as defined by section 297A.01, subdivision 19; or

(7) any other item that is not essential to the integrated process of manufacturing, fabricating, mining, quarrying, or refining.

(c) For purposes of this subdivision:

(1) the requirement that the machinery or equipment "must be used by the purchaser or lessee" means that the person who purchases or leases the machinery or equipment must be the one who uses it for the qualifying purpose. When a contractor buys and installs machinery or equipment as part of an improvement to real property, only the contractor is considered the purchaser;

(2) the requirement that the machinery and equipment must be used "for manufacturing, fabricating, mining, quarrying, or refining" means that the machinery or equipment must be essential to the integrated process of manufacturing, fabricating, mining, quarrying, or refining. Neither legal requirements nor practical necessity determines whether or not the equipment is essential to the integrated process;

(3) "facility" means a coordinated group of fixed assets, which may include land, buildings, machinery, and equipment that are essential to and used in an integrated manufacturing, fabricating, refining, mining, or quarrying process;

(4) "establishment of a new facility" means the construction of a facility, or the purchase by a new owner of a facility that was previously closed and not operational for a period of at least 12 consecutive months. Relocating

operations from an existing facility within Minnesota to another facility within Minnesota does not constitute establishing a new facility;

(5) "physical expansion of an existing facility" means adding a new production line, adding new machinery or equipment to an existing production line, new construction which will become part of the existing facility and which is used for a qualifying activity, or conversion of an area in an existing facility from a nonqualifying activity to a qualifying activity; and

(6) performing "substantially the same function" means that the new machinery or equipment serves fundamentally or essentially the same purpose as did the old equipment or that it produces the same or similar end product, even though it may increase speed, efficiency, or production capacity.

(d) Notwithstanding prior provisions of this subdivision, machinery and equipment purchased or leased to replace machinery and equipment used in the mining or production of taconite shall qualify as capital equipment regardless of whether the facility has been expanded.

Sec. 26. Minnesota Statutes 1992, section 297A.04, is amended to read:

297A.04 [APPLICATIONS; MEMBER; VENDING MACHINES; FORM.]

Every person desiring to engage in the business of making retail sales within Minnesota shall file with the commissioner an application for a permit ~~and if such person has more than one place of business, an application for each place of business must be filed. A vending machine operator who has more than one vending machine location shall nevertheless be considered to have only one place of business for purposes of this section. An applicant who has no regular place of doing business and who moves from place to place shall be considered to have only one place of business and shall attach such permit to the applicant's cart, stand, truck or other merchandising device.~~ The commissioner may require any person or class of persons obligated to file a use tax return under section 289A.11, subdivision 3, to file application for a permit. Every application for a permit shall be made upon a form prescribed by the commissioner and shall set forth the name under which the applicant intends to transact business, the location of the applicant's place or places of business, and such other information as the commissioner may require. The application shall be filed by the owner, if a natural person; by a member or partner, if the owner be is an association or partnership; by a person authorized to ~~sign~~ file the application, if the owner be is a corporation.

Sec. 27. Minnesota Statutes 1992, section 297A.06, is amended to read:

297A.06 [PERMIT.]

After compliance with sections 297A.04 and 297A.28, when security is required, the commissioner shall ~~issue grant~~ grant to each applicant a separate permit ~~for each place of business within Minnesota. A permit shall be is valid until canceled or revoked but shall is not be assignable and shall be is valid only for the person in whose name it is issued granted and for the transaction of business at the place places designated therein. It shall at all times be conspicuously displayed at the place for which issued.~~

Sec. 28. Minnesota Statutes 1992, section 297A.07, subdivision 1, is amended to read:

Subdivision 1. [HEARINGS.] If any person fails to comply with this chapter or the rules adopted under this chapter, without reasonable cause, the commissioner may schedule a hearing requiring the person to show cause why the permit ~~or permits~~ should not be revoked. The commissioner must give the person 15 days' notice in writing, specifying the time and place of the hearing and the reason for the proposed revocation. The notice shall also advise the person of the person's right to contest the revocation under this subdivision, the general procedures for a contested case hearing under chapter 14, and the notice requirement under subdivision 2. The notice may be served personally or by mail in the manner prescribed for service of an order of assessment.

Sec. 29. Minnesota Statutes 1992, section 297A.11, is amended to read:

297A.11 [CONTENT AND FORM OF EXEMPTION CERTIFICATE.]

The exemption certificate shall be signed by and bear the name and address of the purchaser, shall indicate the sales tax account ~~number of the permit~~ if any issued to the purchaser and shall indicate the general character of the

property sold by the purchaser in the regular course of business and shall identify the property purchased. The certificate shall be substantially in such form as the commissioner may prescribe.

Sec. 30. Minnesota Statutes 1992, section 297A.136, is amended to read:

297A.136 [TAX ON 900 PAY-PER-CALL SERVICES.]

Subdivision 1. [TAX IMPOSED.] A tax of \$.50 is imposed for each call placed to a 900 service if the call for that service originates from and is charged to a telephone located in this state.

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

(a) "900 service" means pay-per-call 900 information services provided through a telephone exchange, commonly accessed by dialing 1-900, 1-960, 1-976, or other similar prefix in which the calling party receives information from the 900 information provider, and the calling party is charged on a per call or per time basis for the information. The term does not include services provided through 1-800 service telephone numbers, information provided free of charge, or directory assistance service.

(b) "Calling party" means the person originating the call to the information provider.

(c) "900 information provider" means the person being called by the calling party, and who provides information services to the calling party on a per call or per time basis.

(d) "Person" shall have the same meaning as provided in section 297A.01, subdivision 2.

Subd. 3. [PAYMENT; ADMINISTRATION.] Liability for the tax imposed by this section is on the ~~person making the call~~ calling party. Liability for collection ~~from the calling party~~ is on the person ~~providing access to a dial tone~~ contracting with the 900 information provider to interconnect the information provider and the calling party, if such person bills the calling party. In all other instances, the person billing the calling party shall be liable for collecting the tax from the calling party. The tax imposed in this section must be reported and paid to the commissioner of revenue with the taxes imposed in this chapter. It is subject to the same interest, penalty, and other provisions provided for sales and use taxes under chapter 289A and this chapter. The commissioner has the same powers to assess and collect the tax that are given the commissioner in chapters 270 and 289A and this chapter to assess and collect sales and use tax.

Subd. 4. [EXEMPTION.] Pay-per-call information services provided through a 1-976 prefix are exempt from the tax imposed under this section if the charge for the call is less than \$1.

Sec. 31. Minnesota Statutes 1992, section 297A.14, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] For the privilege of using, storing, distributing, or consuming in Minnesota tangible personal property or taxable services purchased for use, storage, distribution, or consumption in this state, a use tax is imposed on every person in this state at the rate of tax imposed under section 297A.02 on the sales price of sales at retail of the items, unless the tax imposed by section 297A.02 was paid on the sales price.

A use tax is imposed on every person who uses, stores, distributes, or consumes tangible personal property in Minnesota which has been manufactured, fabricated, or assembled by the person from materials, either within or without this state, at the rate of tax imposed under section 297A.02 on the sales price of sales at retail of the materials contained in the tangible personal property, unless the tax imposed by section 297A.02 was paid on the sales price.

Sec. 32. Minnesota Statutes 1992, 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, fever thermometers, 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, and other diagnostic agents used in the treatment of diagnosing, monitoring, or treating diabetes. Nonprescription analgesics consisting principally (determined by the weight of all ingredients) of acetaminophen, acetylsalicylic acid, ibuprofen, or a combination thereof are exempt.

Sec. 33. Minnesota Statutes 1992, section 297A.25, subdivision 7, is amended to read:

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

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

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

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

(4) products used in a passenger snowmobile, as defined in section 296.01, subdivision 38, for off-highway business use as part of the operations of a resort as provided under section 296.18, subdivision 1, clause (2).

Sec. 34. Minnesota Statutes 1992, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Minnesota center for arts education, and school districts are exempt.

As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, including, without limitation, school districts, intermediate school districts, education districts, educational cooperative service units, secondary vocational cooperative centers, special education cooperatives, joint purchasing cooperatives, telecommunication cooperatives, regional management information centers, technical colleges, joint vocational technical districts, and any instrumentality of a school district, as defined in section 471.59.

Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, paragraph (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii).

Sales to hospitals and nursing homes owned and operated by political subdivisions of the state are exempt under this subdivision.

The sales to and exclusively for the use of libraries, ~~as defined in section 134.001~~, of books, periodicals, audio-visual materials and equipment, photocopiers for use by the public, and all cataloging and circulation equipment, and cataloging and circulation software for library use are exempt under this subdivision. For purposes of this paragraph "libraries" means libraries as defined in section 134.001, county law libraries under chapter 134A, the state library under section 480.09, and the legislative reference library.

Sales of supplies and equipment used in the operation of an ambulance service owned and operated by a political subdivision of the state are exempt under this subdivision provided that the supplies and equipment are used in the course of providing medical care; ~~motor vehicle parts are not exempt under this provision.~~ Sales to a political subdivision of repair and replacement parts for emergency rescue vehicles and fire trucks and apparatus are exempt under this subdivision.

Sales to a political subdivision of machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste collection and disposal services at a solid waste disposal facility as defined in section 115A.03, subdivision 10, are exempt under this subdivision.

Sales to political subdivisions of chore and homemaking services to be provided to elderly or disabled individuals are exempt.

This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility. This

exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities.

This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities.

The tax imposed on sales to political subdivisions of the state under this section applies to all political subdivisions other than those explicitly exempted under this subdivision, notwithstanding section 115A.69, subdivision 6, 116A.25, 360.035, 458A.09, 458A.30, 458D.23, 469.101, subdivision 2, 469.127, 473.394, 473.448, 473.545, or 473.608 or any other law to the contrary enacted before 1992.

Sales to other states or political subdivisions of other states are exempt if the sale would be exempt from taxation if it occurred in that state.

Sec. 35. Minnesota Statutes 1992, section 297A.25, subdivision 16, is amended to read:

Subd. 16. [SALES TO NONPROFIT GROUPS.] The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes if the property purchased is to be used in the performance of charitable, religious, or educational functions, or any senior citizen group or association of groups that in general limits membership to persons who are either (1) age 55 or older, or (2) physically disabled, 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, are exempt. For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery owned by a religious organization. Sales exempted by this subdivision include sales pursuant to section 297A.01, subdivision 3, paragraphs (d) and (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii). This exemption shall not apply to building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities. This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5.

Sec. 36. Minnesota Statutes 1992, section 297A.25, subdivision 34, is amended to read:

Subd. 34. [MOTOR VEHICLES.] The gross receipts from the sale or use of any motor vehicle taxable under the provisions of the motor vehicle excise tax laws of Minnesota shall be exempt from taxation under this chapter. Notwithstanding subdivision 11, the exemption provided under this subdivision remains in effect for motor vehicles purchased or leased by political subdivisions of the state if the vehicles are not subject to taxation under chapter 297B.

Sec. 37. Minnesota Statutes 1992, section 297A.25, subdivision 41, is amended to read:

Subd. 41. [BULLET-PROOF VESTS.] The gross receipts from the sale of bullet-resistant soft body armor that is flexible, concealable, and custom-fitted to provide the wearer with ballistic and trauma protection are exempt if purchased by a law enforcement agency of the state or a political subdivision of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1. The bullet-resistant soft body armor must meet or exceed the requirements of standard 0101.01 of the National Institute of Law Enforcement and Criminal Justice in effect on December 30, 1986, or meet or exceed the requirements of the standard except wet armor conditioning.

Sec. 38. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 52. [PARTS AND ACCESSORIES USED TO MAKE A MOTOR VEHICLE HANDICAPPED ACCESSIBLE.] The gross receipts from the sale of parts and accessories that are used solely to modify a motor vehicle to make it handicapped accessible are exempt. Labor charges for modifying a motor vehicle to make it handicapped accessible are included in this exemption.

Sec. 39. [297A.253] [SATELLITE BROADCASTING FACILITY MATERIALS; EXEMPTIONS.]

Notwithstanding the provisions of this chapter, there shall be exempt from the tax imposed therein all materials and supplies or equipment used or consumed in constructing, or incorporated into the construction of, a new facility

in Minnesota for providing federal communications commission licensed direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band or fixed satellite regional or national program services, as defined in section 272.02, subdivision 1, clause (15), construction of which was commenced after June 30, 1993, and all machinery, equipment, tools, accessories, appliances, contrivances, furniture, fixtures, and all technical equipment or tangible personal property of any other nature or description necessary to the construction and equipping of that facility in order to provide those services.

Sec. 40. [297A.2545] [STEEL REPROCESSOR; EXEMPTION FOR POLLUTION CONTROL EQUIPMENT.]

Notwithstanding the provisions of this chapter, the purchase of pollution control equipment by a steel reprocessing firm is exempt from the sales and use tax provided that the equipment is necessary to meet state or federal emission standards. For purposes of this section "pollution control equipment" means any equipment used for the purpose of eliminating, preventing, or reducing air, land, or water pollution during or as a result of the manufacturing process. "Steel reprocessing firm" means a firm whose primary business is the recovery of steel from automobiles, appliances, and other steel products and the rerefining of this recovered metal into new steel products.

Sec. 41. Minnesota Statutes 1992, section 298.75, subdivision 4, is amended to read:

Subd. 4. If any the county auditor has not received the report by the 15th day after the last day of each calendar quarter from the operator or importer fails to make the report as required by subdivision 3 or files has received an erroneous report, the county auditor shall determine estimate the amount of tax due and notify the operator or importer by registered mail of the amount of tax so determined estimated within the next 14 days. An operator or importer may, within 30 days from the date of mailing the notice, file in the office of the county auditor a written statement of objections to the amount of taxes determined to be due. The statement of objections shall be deemed to be a petition within the meaning of chapter 278, and shall be governed by sections 278.02 to 278.13.

Sec. 42. Minnesota Statutes 1992, section 298.75, subdivision 5, is amended to read:

Subd. 5. Failure to file the report and submit payment shall result in a penalty of \$5 for each of the first 30 days, beginning on the 14th 15th day after the date when the county auditor has sent notice to the operator or importer as provided in subdivision 4, during which the report is overdue and no statement of objection has been filed. For each subsequent day during last day of each calendar quarter, for which the report and payment is overdue due and no statement of objection has been filed as provided in subdivision 4, and a penalty of \$10 for each subsequent day shall be assessed against the operator or importer who is required to file the report. The penalties imposed by this subdivision shall be collected as part of the tax and credited to the county revenue fund. If neither the report nor a statement of objection has been filed after more than 60 days have elapsed from the date when the notice was sent, the operator or importer who is required to file the report is guilty of a misdemeanor.

Sec. 43. [349.2115] [SPORTS BOOKMAKING TAX.]

Subdivision 1. [IMPOSITION OF TAX.] An excise tax of six percent is imposed on the value of all bets received by, recorded by, accepted by, forwarded by, or placed with a person engaged in sports bookmaking.

Subd. 2. [BET DEFINED.] For purposes of this section, the term "bet" has the meaning given it in section 609.75, subdivision 2.

Subd. 3. [SPORTS BOOKMAKING DEFINED.] For purposes of this section, the term "sports bookmaking" has the meaning given it in section 609.75, subdivision 7.

Subd. 4. [AMOUNT OF BET.] In determining the value or amount of any bet for purposes of this section, all charges incident to the placing of the bet must be included.

Subd. 5. [TAX RETURNS.] A person engaged in sports bookmaking shall file monthly tax returns with the commissioner of revenue, in the form required by the commissioner, of all bookmaking activity, and shall include information on all bets recorded, accepted, forwarded, and placed. The returns must be filed on or before the 20th day of the month following the month in which the bets reported were recorded, accepted, forwarded, or placed. The tax imposed by this section is due and payable at the time when the returns are filed.

Subd. 6. [PERSONS LIABLE FOR TAX.] Each person who is engaged in receiving, recording, forwarding, or accepting sports bookmaking bets is liable for and shall pay the tax imposed under this section.

Subd. 7. [JEOPARDY ASSESSMENT; JEOPARDY COLLECTION.] The tax may be assessed by the commissioner of revenue. An assessment made pursuant to this section shall be considered a jeopardy assessment or jeopardy collection as provided in section 270.70. The commissioner shall assess the tax based on personal knowledge or information available to the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known address, or serve in person, a written notice of the amount of tax, demand its immediate payment, and, if payment is not immediately made, collect the tax by any method described in chapter 270, except that the commissioner need not await the expiration of the times specified in chapter 270. The tax assessed by the commissioner is presumed to be valid and correctly determined and assessed.

Subd. 8. [DISCLOSURE PROHIBITED.] (a) Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a sports bookmaking tax return filed with the commissioner of revenue as required by this section, nor can any information contained in the report or return be used against the tax obligor in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this section, or as provided in section 270.064.

(b) Any person violating this section is guilty of a gross misdemeanor.

(c) This section does not prohibit the commissioner from publishing statistics that do not disclose the identity of tax obligors or the contents of particular returns or reports.

Sec. 44. [NOTIFICATION BY COUNTY AUDITOR.]

The county auditor shall notify each operator in the county who filed a report in the previous calendar year under Minnesota Statutes, section 298.75 of the changes made in sections 41 and 42 relating to the imposition of the penalty for late payment.

Sec. 45. [COOK COUNTY; SALES TAX.]

Subdivision 1. [IMPOSED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or resolution, Cook county may, by resolution, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the county.

Subd. 2. [USE OF REVENUES.] Revenues received from taxes authorized by subdivision 1 shall be used by Cook county to pay the cost of collecting the tax and to pay all or a portion of the costs of expanding and improving the health care facility located in the county and known as North Shore hospital. Authorized costs include, but are not limited to, securing or paying debt service on bonds or other obligations issued to finance the expansion and improvement of North Shore hospital. The total capital expenditures payable from bond proceeds, excluding investment earnings on bond proceeds and tax revenues, shall not exceed \$4,000,000.

Subd. 3. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] The authority granted by subdivision 1 to Cook county to impose a sales tax shall expire when the principal and interest on any bonds or obligations issued to finance the expansion and improvement of North Shore hospital have been paid, or at an earlier time as the county shall, by resolution, determine. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the county.

Subd. 4. [BONDS.] Cook county may issue general obligation bonds in an amount not to exceed \$4,000,000 for the expansion and improvement of North Shore hospital, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a property tax to pay them. The debt represented by bonds issued for the expansion and improvement of North Shore hospital shall not be included in computing any debt limitations applicable to Cook county, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay principal and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the county.

Subd. 5. [REFERENDUM.] If the governing body of Cook county intends to impose the sales tax authorized by this section, it shall conduct a referendum on the issue. The question of imposing the tax must be submitted to the voters at a special or general election. The tax may not be imposed unless a majority of votes cast on the question of imposing the tax are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1993.

Subd. 6. [ENFORCEMENT; COLLECTION; ADMINISTRATION OF TAX.] A sales tax imposed under this section shall be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to Cook county. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax. By July 1, 1993, the commissioner of revenue shall provide to the governing body of the county an estimate of these costs.

Subd. 7. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of Cook county with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 46. [CITY OF ST. PAUL; SALES TAX AUTHORIZED.]

Subdivision 1. [TAX MAY BE IMPOSED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of St. Paul may, by resolution, impose an additional sales tax of up to one-half of one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [USE OF REVENUES.] Revenues received from the tax authorized by subdivision 1 may only be used by the city to pay the cost of collecting the tax, and to pay for the following projects or to secure or pay any principal, premium, or interest on bonds issued in accordance with subdivision 3 for the following projects.

(a) To pay all or a portion of the capital expenses of construction, equipment and acquisition costs for the expansion and remodeling of the St. Paul Civic Center complex.

(b) The remainder of the funds must be spent for capital projects to further residential, cultural, commercial, and economic development in both downtown St. Paul and St. Paul neighborhoods.

By January 15 of each odd-numbered year, the mayor and the city council must report to the legislature on the use of sales tax revenues during the preceding two-year period.

Subd. 3. [BONDS.] The city may issue general obligation bonds of the city to finance all or a portion of the cost for projects authorized in subdivision 2, paragraph (a). The debt represented by the bonds shall not be included in computing any debt limitations applicable to the city. The bonds may be paid from or secured by any funds available to the city, including the tax authorized under subdivision 1. The bonds may be issued in one or more series and sold without election on the question of issuance of the bonds or a property tax to pay them. Except as otherwise provided in this section, the bonds must be issued, sold, and secured in the manner provided in Minnesota Statutes, chapter 475. The aggregate principal amount of bonds issued under this subdivision may not exceed \$65 million.

Subd. 4. [ENFORCEMENT; COLLECTION.] A sales tax imposed under subdivision 1 may be reported and paid to the commissioner of revenue with the state sales tax, and be subject to the same penalties, interest, and enforcement provisions imposed under Minnesota Statutes, chapters 289A and 297A. If the commissioner of revenue enters into appropriate agreements with the city to provide for collection of these taxes by the state on behalf of the city, the commissioner shall charge the city a reasonable fee for its collection from the proceeds of any taxes to ensure that no state funds are expended for the collection of these taxes. The proceeds of the tax, less the cost of collection, shall be remitted monthly to the city and the city shall deposit such sums into a dedicated fund. By July 1, 1993, the commissioner of revenue shall provide the city an estimate of the cost of collection.

Subd. 5. [EXPIRATION OF TAXING AUTHORITY.] The authority granted by subdivision 1 to the city to impose a sales tax shall expire when the principal and interest on any bonds or other obligations issued to finance projects authorized in subdivision 2, paragraph (a) have been paid or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of projects approved under subdivision 2, paragraph (a) and retirement or redemption of any bonds or other obligations may be placed in the general fund of the city.

Subd. 6. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day following final enactment, and after compliance by the governing body of the city of St. Paul with Minnesota Statutes, section 645.021, subdivision 3, with respect to that section. If the St. Paul city council intends to exercise the authority provided by this section, it shall pass a resolution stating the fact before July 1, 1993.

Sec. 47. [CITY OF GARRISON; SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Garrison may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [USE OF REVENUES.] Revenues received from taxes authorized under subdivision 1 must be dedicated by the city to pay the cost of collecting the tax and to pay all or part of the expenses of the construction of a sewer system in the city, including payment of principal and interest on loans received by the city to construct the sewer system.

Subd. 3. [ENFORCEMENT; COLLECTION; AND ADMINISTRATION OF TAXES.] (a) The city may provide for collection and enforcement of the tax by ordinance or the city may enter into an agreement with the commissioner of revenue, providing for collection of the tax.

(b) If the city enters an agreement with the commissioner of revenue for collection of the tax, the sales tax imposed under this section must be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY.] The authority granted by this section to the city of Garrison to impose a sales tax expires when the principal and interest on any bonds or obligations issued to finance the construction of the sewer system have been paid, or at an earlier time as the city shall, by resolution, determine. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

Subd. 5. [REFERENDUM.] The city may impose the tax under this section only after approval by the voters in a referendum held at a special or general election in the city.

Subd. 6. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day after final enactment, upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city of Garrison.

Sec. 48. [CHARITABLE GOLF TOURNAMENTS.]

The gross receipts from the sale or use of tickets or admissions to a golf tournament held in Minnesota are exempt if the beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

Sec. 49. [ADVISORY COUNCIL; SALES TAX ON CAPITAL EQUIPMENT.]

Subdivision 1. [CREATION; MEMBERSHIP.] (a) A state advisory council is established to study the sales tax exemption for capital equipment under Minnesota Statutes 1992, sections 297A.01, subdivision 16, and 297A.25, subdivision 42, and to make recommendations to the 1994 legislature. The study shall be completed and findings reported to the legislature by February 1, 1994.

(b) The advisory council consists of 15 members who serve at the pleasure of the appointing authority as follows:

(1) six legislators; three members of the senate, including one member of the minority party, appointed by the subcommittee on committees of the committee on rules and administration and three members of the house of representatives, including one member of the minority party, appointed by the speaker;

(2) the commissioner of revenue or the commissioner's designee; and

(3) eight members of the public; two appointed by the subcommittee on committees of the committee on rules and administration of the senate, two appointed by the speaker of the house, and four appointed by the governor.

Subd. 2. [SCOPE OF THE STUDY.] (a) In preparing the study, the advisory council shall examine, at least, the following:

(1) an overview of the purpose, intent, and application of the provisions of the present exemption, including the department of revenue's experience in interpreting and administering the provisions and the impact of the exemption on state tax collections;

(2) appropriate tax policy goals for the exemption of capital equipment from the sales tax;

(3) the effect of the exemption in encouraging new investment, increases in economic activity, and creation of new jobs in Minnesota or other appropriate economic development goals;

(4) analyses of alternative versions of the exemption, either expanding or narrowing it and specifically including the expansions contained in the administrative law judge's report, that will further the tax policy and economic development goals developed under clauses (2) and (3). In analyzing alternatives, the advisory council must consider alternatives that expand the exemption and offset the reduction in state and local sales tax revenues by expanding the sales tax base to include final consumption items that are now exempt from taxation.

(b) The advisory council's report to the legislature must include recommendations for modifying the exemption in light of the tax policy and economic development goals. The recommendations must not provide for increasing or decreasing state revenues relative to the revenue department's estimates of the effect of applying the department's interpretations of present law. If the report recommends expanding the exemption, it must include recommendations to expand the tax base to offset the resulting loss of state and local revenues.

Subd. 3. [STAFF.] The department of revenue and legislative staff shall provide administrative and staff assistance when requested by the advisory council.

Subd. 4. [COOPERATION BY OTHER AGENCIES.] The commissioners of the department of trade and economic development, the department of labor and industry, the department of jobs and training, and the pollution control agency shall, upon request by the advisory council, provide data or other information that is collected or possessed by their agencies and that is necessary or useful in conducting the study and preparing the report required by this section.

Sec. 50. [REPEALER.]

Minnesota Statutes 1992, section 115B.24, subdivision 10, is repealed.

Sec. 51. [EFFECTIVE DATE.]

Sections 1 to 12, 22, 31, 32, the part of section 34 exempting certain chore and homemaking services, 44 and 49 are effective the day following final enactment.

Section 13 is effective for taxes due on or after July 1, 1993.

Section 14 is effective for fees due on or after July 1, 1993.

Section 15 is effective for refund claims submitted on or after July 1, 1993.

Sections 16, 26 to 29, 36 to 39, and 43 are effective July 1, 1993.

Sections 17 and 20 are effective July 1, 1993, for deliveries of rerefined waste oil on and after that date.

Sections 23 and 24 are effective the day following final enactment and apply to all open tax years.

Section 25 is effective for claims for refund filed after May 5, 1993, except that the extension of the exemption for capital equipment used to produce an on-line computerized data retrieval system and to replacement equipment used in the production of taconite is effective for sales after June 30, 1993.

Section 30 is effective for sales of 900 information services made after June 30, 1993.

Except as otherwise provided, sections 34 and 35 are effective for sales made after June 30, 1993. The part of section 34 exempting sales of machinery and equipment for solid waste disposal and collection is effective for sales made after May 31, 1992.

Section 40 is effective for pollution equipment installed after June 30, 1993.

Sections 41 and 42 are effective for reports due after July 1, 1993.

Section 48 is effective for sales or uses of tickets or admissions occurring after December 31, 1992, and before July 1, 1993.

ARTICLE 10

COLLECTIONS AND COMPLIANCE

Section 1. Minnesota Statutes 1992, section 60A.15, subdivision 2a, is amended to read:

Subd. 2a. [PROCEDURE FOR FILING AND ADJUSTMENT OF STATEMENTS AND TAXES.] (a) Every insurer required to pay a premium tax in this state shall make and file a statement of estimated premium taxes for the period covered by the installment tax payment. Such the installment tax payment. Such statement shall be in the form prescribed by the commissioner of revenue.

(b) On or before March 1, annually every insurer subject to taxation under this section shall make an annual return for the preceding calendar year setting forth such information as the commissioner of revenue may reasonably require on forms prescribed by the commissioner.

(c) On March 1, the insurer shall pay any additional amount due for the preceding calendar year; if there has been an overpayment, such overpayment may be credited without interest on the estimated tax due April 15.

(d) If unpaid by this date, penalties ~~and interest~~ as provided in section ~~290.53~~ 289A.60, subdivision 1, as it relates to withholding and sales or use taxes, shall be imposed.

Sec. 2. Minnesota Statutes 1992, section 60A.15, subdivision 9a, is amended to read:

Subd. 9a. [FAILURE TO FILE; PENALTIES AND INTEREST.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner of revenue in pursuance of law there shall be added to the tax penalties ~~and interest~~ as provided in section 289A.60, subdivision 2, as it relates to withholding and sales or use taxes.

Sec. 3. Minnesota Statutes 1992, section 60A.15, is amended by adding a subdivision to read:

Subd. 9e. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 4. Minnesota Statutes 1992, section 60A.198, subdivision 3, is amended to read:

Subd. 3. [PROCEDURE FOR OBTAINING LICENSE.] A person licensed as an agent in this state pursuant to other law may obtain a surplus lines license by doing the following:

(a) filing an application in the form and with the information the commissioner may reasonably require to determine the ability of the applicant to act in accordance with sections 60A.195 to 60A.209;

(b) maintaining an agent's license in this state;

(c) delivering to the commissioner a financial guarantee bond from a surety acceptable to the commissioner for the greater of the following:

(1) \$5,000; or

(2) the largest semiannual surplus lines premium tax liability incurred by the applicant in the immediately preceding five years; and

(d) agreeing to file with the commissioner of revenue no later than February 15 and August 15 annually, a sworn statement of the charges for insurance procured or placed and the amounts returned on the insurance canceled under the license for the preceding six-month period ending December 31 and June 30 respectively, and at the time of the filing of this statement, paying the commissioner a tax on premiums equal to three percent of the total written premiums less cancellations; ~~and~~

(e) annually paying a fee as prescribed by section 60A.14, subdivision 1, paragraph (c), clause (10); and

(f) paying penalties imposed under section 289A.60, subdivision 1, as it relates to withholding and sales or use taxes, if the tax due under clause (d) is not timely paid.

Sec. 5. Minnesota Statutes 1992, section 60A.199, subdivision 4, is amended to read:

Subd. 4. [FAILURE TO FILE; PENALTIES AND INTEREST.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner in pursuance of law there shall be added to the tax penalties ~~and interest~~ as provided in section 289A.60, subdivision 2, as it relates to withholding and sales or use taxes.

Sec. 6. Minnesota Statutes 1992, section 60A.199, is amended by adding a subdivision to read:

Subd. 6a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 7. Minnesota Statutes 1992, section 270.06, is amended to read:

270.06 [POWERS AND DUTIES.]

The commissioner of revenue shall:

(1) have and exercise general supervision over the administration of the assessment and taxation laws of the state, over assessors, town, county, and city boards of review and equalization, and all other assessing officers in the performance of their duties, to the end that all assessments of property be made relatively just and equal in compliance with the laws of the state;

(2) confer with, advise, and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state;

(3) direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the laws of this state governing returns of assessment and taxation of property, and cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty;

(4) require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture and punishment for violation of the laws of this state in respect to the assessment and taxation of property in their respective districts or counties;

(5) require town, city, county, and other public officers to report information as to the assessment of property, collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the department of revenue, in such form and upon such blanks as the commissioner may prescribe;

(6) require individuals, copartnerships, companies, associations, and corporations to furnish information concerning their capital, funded or other debt, current assets and liabilities, earnings, operating expenses, taxes, as well as all other statements now required by law for taxation purposes;

(7) ~~summon subpoena~~ witnesses, at a time and place reasonable under the circumstances, to appear and give testimony, and to produce books, records, papers and documents for inspection and copying relating to any ~~tax~~ matter which the commissioner may have authority to investigate or determine. ~~Provided, that any summons;~~

(8) issue a subpoena which does not identify the person or persons with respect to whose ~~tax~~ liability the ~~summons subpoena~~ subpoena is issued ~~may be served, but~~ only if (a) the ~~summons subpoena~~ subpoena relates to the investigation of a particular person or ascertainable group or class of persons, (b) there is a reasonable basis for believing that such person or group or class of persons may fail or may have failed to comply with any ~~tax~~ law administered by the commissioner, (c) the information sought to be obtained from the examination of the records (and the identity of the person or persons with respect to whose liability the ~~summons subpoena~~ subpoena is issued) is not readily available from other sources, (d) the ~~summons subpoena~~ subpoena is clear and specific as to the information sought to be obtained, and (e) the information sought to be obtained is limited solely to the scope of the investigation. ~~Provided further that the party served with a summons subpoena which does not identify the person or persons with respect to whose tax liability the summons subpoena is issued shall have the right, within 20 days after service of the summons subpoena, to petition the district court for the judicial district in which lies the county in which that party is located for a determination as to whether the commissioner of revenue has complied with all the requirements in (a) to (e), and thus, whether the summons subpoena is enforceable. If no such petition is made by the party served within the time prescribed, the summons subpoena shall have the force and effect of a court order;~~

(9) (9) cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken, upon notice to the interested party, if any, in like manner that depositions of witnesses are taken in civil actions in the district court, in any matter which the commissioner may have authority to investigate or determine;

(9) (10) investigate the tax laws of other states and countries and to formulate and submit to the legislature such legislation as the commissioner may deem expedient to prevent evasions of assessment and taxing laws, and secure just and equal taxation and improvement in the system of assessment and taxation in this state;

(10) (11) consult and confer with the governor upon the subject of taxation, the administration of the laws in regard thereto, and the progress of the work of the department of revenue, and furnish the governor, from time to time, such assistance and information as the governor may require relating to tax matters;

(11) (12) transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even-numbered year, the report of the department of revenue for the preceding years, showing all the taxable property in the state and the value of the same, in tabulated form;

(12) (13) inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties, particularly as to their compliance with the laws requiring the assessment of all property not exempt from taxation;

(13) (14) administer and enforce the assessment and collection of state taxes and, from time to time, make, publish, and distribute rules for the administration and enforcement of state tax laws. The rules have the force of law;

(14) (15) prepare blank forms for the returns required by state tax law and distribute them throughout the state, furnishing them subject to charge on application;

(15) (16) prescribe rules governing the qualification and practice of agents, attorneys, or other persons representing taxpayers before the commissioner. The rules may require that those persons, agents, and attorneys show that they are of good character and in good repute, have the necessary qualifications to give taxpayers valuable services, and are otherwise competent to advise and assist taxpayers in the presentation of their case before being recognized as representatives of taxpayers. After due notice and opportunity for hearing, the commissioner may suspend and disbar from further practice before the commissioner any person, agent, or attorney who is shown to be incompetent or disreputable, who refuses to comply with the rules, or who with intent to defraud, willfully or knowingly deceives, misleads, or threatens a taxpayer or prospective taxpayer, by words, circular, letter, or by advertisement. This clause does not curtail the rights of individuals to appear in their own behalf or partners or corporations' officers to appear in behalf of their respective partnerships or corporations;

(16) (17) appoint agents as the commissioner considers necessary to make examinations and determinations. The agents have the rights and powers conferred on the commissioner to subpoena, examine, and copy books, records, papers, or memoranda, subpoena witnesses, administer oaths and affirmations, and take testimony. In addition to

administrative subpoenas of the commissioner and the agents, upon demand of the commissioner or an agent, the ~~clerk or court administrator~~ of any district court shall issue a subpoena for the attendance of a witness or the production of books, papers, records, or memoranda before the agent for inspection and copying. ~~The commissioner may also issue subpoenas.~~ Disobedience of ~~subpoenas issued under this chapter~~ a court administrator's subpoena shall be punished by the district court of the district in which the subpoena is issued, or in the case of a subpoena issued by the commissioner or an agent, by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of the district court;

(17) (18) appoint and employ additional help, purchase supplies or materials, or incur other expenditures in the enforcement of state tax laws as considered necessary. The salaries of all agents and employees provided for in this chapter shall be fixed by the appointing authority, subject to the approval of the commissioner of administration;

(18) (19) execute and administer any agreement with the secretary of the treasury of the United States or a representative of another state regarding the exchange of information and administration of the tax laws;

(19) (20) administer and enforce the provisions of sections 325D.30 to 325D.42, the Minnesota unfair cigarette sales act;

(20) (21) authorize the use of unmarked motor vehicles to conduct seizures or criminal investigations pursuant to the commissioner's authority; and

(21) (22) exercise other powers and perform other duties required of or imposed upon the commissioner of revenue by law.

Sec. 8. Minnesota Statutes 1992, section 270.70, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY OF COMMISSIONER.] If any tax payable to the commissioner of revenue or to the department of revenue is not paid when due, such tax may be collected by the commissioner of revenue within five years after the date of assessment of the tax, or if a lien has been filed, during the period the lien is enforceable, or if the tax judgment has been filed, within the statutory period of enforcement of a valid tax judgment, by a levy upon all property and rights to property, including any property in the possession of law enforcement officials, of the person liable for the payment or collection of such tax (except that which is exempt from execution pursuant to section 550.37 and amounts received under United States Code, title 29, chapter 19, as amended through December 31, 1989) or property on which there is a lien provided in section 270.69. For this purpose, the term "tax" shall include any penalty, interest, and costs properly payable. The term "levy" includes the power of distraint and seizure by any means; provided, no entry can be made upon the business premises or residence of a taxpayer in order to seize property without first obtaining a writ of entry listing the property to be seized and signed by a judge of the district court of the district in which the business premises or residence is located.

Sec. 9. [270.7001] [CONTINUOUS LEVY.]

Subdivision 1. [AUTHORITY.] The commissioner may, within five years after the date of assessment of the tax, or if a lien has been filed under section 270.69, within the statutory period for enforcement of the lien, give notice to a person, officer, or political subdivision or agency of the state to withhold the amount of any tax, interest, or penalties due from a taxpayer, or the amount due from an employer or person who has failed to withhold and transmit amounts due from any payments to the taxpayer, employer, or person. The amounts withheld shall be transmitted to the commissioner at the times the commissioner designates.

Subd. 2. [LEVY CONTINUOUS.] The levy made under subdivision 1 is continuous from the date the notice is received until (1) the amount due stated on the notice has been withheld or (2) the notice has been released by the commissioner under section 270.709, whichever occurs first.

Subd. 3. [AMOUNT TO BE WITHHELD.] The amount required to be withheld under this section is the least of:

(1) the amount stated on the notice;

(2) if the taxpayer, employer, or person is not a natural person, 100 percent of the payment;

(3) if the taxpayer, employer, or person is an individual, 25 percent of the payment.

Subd. 4. [PAYMENTS COVERED.] For purposes of this section, the term payments does not include wages as defined in section 290.92 or funds in a deposit account as defined in section 336.9-105. The term payments does include the following:

(1) payments due for services of independent contractors, dividends, rents, royalties, residuals, patent rights, and mineral or other natural resource rights;

(2) payments or credits under written or oral contracts for services or sales whether denominated as wages, salary, commission, bonus, or otherwise, if the payments are not covered by section 290.92, subdivision 23; and

(3) any other periodic payments or credits resulting from an enforceable obligation to the taxpayer, employer, or person.

Subd. 5. [DETERMINATION OF STATUS; EFFECT.] A determination of a person's status as an independent contractor under this section does not affect the determination of the person's status for the purposes of any other law or rule.

Sec. 10. [270.78] [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.]

In addition to other applicable penalties imposed by law, after notification from the commissioner of revenue to the taxpayer that payments for a tax administered by the commissioner are required to be made by means of electronic funds transfer, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause.

Sec. 11. Minnesota Statutes 1992, section 276.02, is amended to read:

276.02 [TREASURER TO BE COLLECTOR.]

The county treasurer shall collect all taxes extended on the tax lists of the county and the fines, forfeitures, or penalties received by any person or officer for the use of the county. The treasurer shall collect the taxes according to law and credit them to the proper funds. This section does not apply to fines and penalties accruing to municipal corporations for the violation of their ordinances that are recoverable before a city justice. The county board may by resolution authorize the treasurer to impose a charge for any dishonored checks.

The county board may, by resolution, authorize the treasurer and/or other designees to accept payments of real property taxes by credit card provided that a fee is charged for its use. The fee charged must be commensurate with the costs assessed by the card issuer. If a credit card transaction under this section is subsequently voided or otherwise reversed, the lien of real property taxes under section 272.31 is revived and attaches in the manner and time provided in that section as though the credit card transaction had never occurred, and the voided or reversed credit card transaction shall not impair the right of a lienholder under section 272.31 to enforce the lien in its favor.

Sec. 12. Minnesota Statutes 1992, section 279.37, subdivision 1a, is amended to read:

~~Subd. 1a. The delinquent taxes upon a parcel of property which was classified class 4e pursuant to section 273.13, subdivision 9, or for taxes assessed in 1986 and thereafter, classified class 3a, for the previous year's assessment and had a total market value of less than \$100,000~~ \$200,000 for that same assessment shall be eligible to be composed into a confession of judgment. Property qualifying under this subdivision shall be subject to the same provisions as provided in this section except as herein provided.

(a) The down payment shall include all special assessments due in the current tax year, all delinquent special assessments, and 20 percent of the ad valorem tax, penalties, and interest accrued against the parcel. The balance remaining shall be payable in four equal annual installments; and

(b) The amounts entered in judgment shall bear interest at the rate provided in section 279.03, subdivision 1a, commencing with the date the judgment is entered. The interest rate is subject to change each year on the unpaid balance in the manner provided in section 279.03, subdivision 1a.

Sec. 13. Minnesota Statutes 1992, section 289A.18, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX RETURNS.] (a) Sales and use tax returns must be filed on or before the 20th day of the month following the close of the preceding reporting period, except that annual use tax returns provided for under section 289A.11, subdivision 1, must be filed by April 15 following the close of the calendar year. ~~In addition, on or before June 20 of a year, a retailer who has a May liability of \$1,500 or more must file a return with the commissioner for one half of the estimated June liability, in addition to filing a return for the May liability. On or before August 20 of a year, the retailer must file a return showing the actual June liability.~~

(b) Returns filed by retailers required to remit liabilities by means of funds transfer under section 289A.20, subdivision 4, paragraph (d), are due on or before the 25th day of the month following the close of the preceding reporting period. ~~Returns filed under the second sentence of paragraph (a) by a retailer required to remit by means of funds transfer are due on June 25~~ The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the estimated June liability is due, and on or before August 25 of a year, the retailer must file a return showing the actual June liability.

(c) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than \$500 per month in any quarter of a calendar year, and has substantially complied with the tax laws during the preceding four calendar quarters, the retailer may request authorization to file and pay the taxes quarterly in subsequent calendar quarters. The authorization remains in effect during the period in which the retailer's quarterly returns reflect sales and use tax liabilities of less than \$1,500 and there is continued compliance with state tax laws.

(d) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than \$100 per month during a calendar year, and has substantially complied with the tax laws during that period, the retailer may request authorization to file and pay the taxes annually in subsequent years. The authorization remains in effect during the period in which the retailer's annual returns reflect sales and use tax liabilities of less than \$1,200 and there is continued compliance with state tax laws.

(e) The commissioner may also grant quarterly or annual filing and payment authorizations to retailers if the commissioner concludes that the retailers' future tax liabilities will be less than the monthly totals identified in paragraphs (c) and (d). An authorization granted under this paragraph is subject to the same conditions as an authorization granted under paragraphs (c) and (d).

Sec. 14. Minnesota Statutes 1992, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

(b)(1) Unless clause (2) applies, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, exceeds \$500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month.

(2) If at the close of any eighth-monthly period the aggregate amount of undeposited taxes is \$3,000 or more, the employer, or person withholding tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, shall deposit the undeposited taxes with the commissioner within three banking days after the close of the eighth-monthly period. For purposes of this clause, the term "eighth-monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the part of a calendar month following the 25th day of the month.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt

an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds ~~\$240,000~~ \$120,000, the employer must remit each required deposit in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

Sec. 15. Minnesota Statutes 1992, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred or following another reporting period as the commissioner prescribes, except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of ~~\$1,500~~ \$120,000 or more ~~in May of~~ during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) ~~On or Two business days~~ before June 30 of the year, the vendor must remit ~~the actual May liability and one-half 75 percent~~ of the estimated June liability to the commissioner.

(2) On or before August ~~20~~ 14 of the year, the vendor must pay any additional amount of tax not remitted in June.

(3) ~~If the vendor is required to remit by means of funds transfer as provided in paragraph (d), the vendor may remit the May liability as provided for in paragraph (c), but must remit one-half of the estimated June liability on or before June 14. The remaining amount of the June liability is due on August 14.~~

(c) When a retailer located outside of a city that imposes a local sales and use tax collects use tax to be remitted to that city, the retailer is not required to remit the tax until the amount collected reaches \$10.

(d) A vendor having a liability of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before ~~the date the tax is due~~ the 14th day of the month following the month in which the taxable event occurred, except for ~~the one-half 75 percent~~ of the estimated June liability, which is due ~~with the May liability on two business days before June 14~~ 30. The remaining amount of the June liability is due on August 14. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(e) If the vendor required to remit by electronic funds transfer as provided in paragraph (d) is unable due to reasonable cause to determine the actual sales and use tax due on or before the due date for payment, the vendor may remit an estimate of the tax owed using one of the following options:

(1) 100 percent of the tax reported on the previous month's sales and use tax return;

(2) 100 percent of the tax reported on the sales and use tax return for the same month in the previous calendar year;
or

(3) 95 percent of the actual tax due.

Any additional amount of tax that is not remitted on or before the due date for payment, must be remitted with the return. A vendor must notify the commissioner of the option that will be used to estimate the tax due, and must obtain approval from the commissioner to switch to another option. If a vendor fails to remit the actual liability or

does not remit using one of the estimate options by the due date for payment, the vendor must remit actual liability as provided in paragraph (d) in all subsequent periods. This paragraph does not apply to the June sales and use liability.

Sec. 16. Minnesota Statutes 1992, section 289A.36, subdivision 3, is amended to read:

Subd. 3. [POWER TO COMPEL TESTIMONY.] In the administration of state tax law, the commissioner may:

(1) administer oaths or affirmations and compel by subpoena the attendance of witnesses, testimony, and the production of a person's pertinent books, records, papers, or other data for inspection and copying;

(2) examine under oath or affirmation any person regarding the business of any taxpayer concerning any relevant matter incident to the administration of state tax law. The fees of witnesses required by the commissioner to attend a hearing are equal to those allowed to witnesses appearing before courts of this state. The fees must be paid in the manner provided for the payment of other expenses incident to the administration of state tax law; and

(3) in addition to other remedies that may be available, bring an action in equity by the state against a taxpayer for an injunction ordering the taxpayer to file a complete and proper return or amended return. The district courts of this state have jurisdiction over the action and disobedience of an injunction issued under this clause will be punished as a contempt of district court.

Sec. 17. Minnesota Statutes 1992, section 289A.36, subdivision 7, is amended to read:

Subd. 7. [APPLICATION TO COURT FOR ENFORCEMENT OF SUBPOENA.] ~~The commissioner or the taxpayer may apply to the district court of the county of the taxpayer's residence, place of business, or county where the subpoena can be served as with any other case at law, for an order compelling the appearance of the subpoenaed witness or the production of the subpoenaed records. If the subpoenaed party fails to comply with the order of the court, the party may be punished by the court as for contempt. Disobedience of subpoenas issued under this section shall be punished by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of the district court.~~

Sec. 18. Minnesota Statutes 1992, section 289A.40, is amended by adding a subdivision to read:

Subd. 1a. [INDIVIDUAL INCOME TAXES; REASONABLE CAUSE.] If the taxpayer establishes reasonable cause for failing to timely file the return required by section 289A.08, subdivision 1, files the required return within ten years of the date specified in section 289A.18, subdivision 1, and independently verifies that an overpayment has been made, the commissioner shall grant a refund claimed by the original return, notwithstanding the limitations of subdivision 1.

Sec. 19. Minnesota Statutes 1992, section 289A.60, subdivision 1, is amended to read:

Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] If a tax other than a withholding or sales or use tax is not paid ~~or amounts required to be withheld are not remitted~~ within the time specified for payment, a penalty must be added to the amount required to be shown as tax. The penalty is three percent of the tax not paid on or before the date specified for payment of the tax 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 of 30 days during which the failure continues, not exceeding 24 percent in the aggregate.

If a withholding or sales or use tax is not paid within the time specified for payment, a penalty must be added to the amount required to be shown as tax. The penalty is five percent of the tax not paid on or before the date specified for payment of the tax if the failure is for not more than 30 days, with an additional penalty of five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 15 percent in the aggregate.

Sec. 20. Minnesota Statutes 1992, section 289A.60, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return other than an income tax return of an individual, a withholding return, or sales or use tax return, within the time prescribed or an extension, a penalty is added to the tax. The penalty is three percent of the amount of tax not paid on or before the date prescribed for payment of the tax including any extensions if the failure is for not more than

30 days, with an additional five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days, during which the failure continues, not exceeding 23 percent in the aggregate.

If a taxpayer fails to file a return, other than an income tax return of an individual, within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must not be less than the lesser of: (1) \$200; or (2) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (b) \$50.

If a taxpayer fails to file an individual income tax return within six months after the date prescribed for filing of the return, a penalty of ten percent of the amount of tax not paid by the end of that six-month period is added to the tax.

If a taxpayer fails to file a withholding or sales or use tax return within the time prescribed, including an extension, a penalty of five percent of the amount of tax not timely paid is added to the tax.

Sec. 21. Minnesota Statutes 1992, section 289A.60, is amended by adding a subdivision to read:

Subd. 5a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file withholding or sales or use tax returns or timely pay withholding or sales or use taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 22. Minnesota Statutes 1992, section 289A.60, subdivision 15, is amended to read:

Subd. 15. [ACCELERATED PAYMENT OF JUNE SALES TAX LIABILITY; PENALTY FOR UNDERPAYMENT.] If a vendor is required by law to submit an estimation of June sales tax liabilities and ~~one-half~~ 75 percent payment by a certain date, and the vendor fails to remit the balance due by the date required, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of: (1) 45 70 percent of the actual June liability, (2) 50 75 percent of the preceding May's liability, or (3) 50 75 percent of the average monthly liability for the previous calendar year.

Sec. 23. Minnesota Statutes 1992, section 289A.60, is amended by adding a subdivision to read:

Subd. 21. [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.] In addition to other applicable penalties imposed by this section, after notification from the commissioner to the taxpayer that payments are required to be made by means of electronic funds transfer under section 289A.20, subdivision 2, paragraph (e), or 4, paragraph (d), or 289A.26, subdivision 2a, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause.

Sec. 24. Minnesota Statutes 1992, section 294.03, subdivision 1, is amended to read:

Subdivision 1. If any company, joint stock association, copartnership, corporation, or individual required by law to pay taxes to the state on a gross earnings basis shall fail to pay such tax or gross earnings percentage within the time specified by law for the payment thereof, or within 30 days after final determination of an appeal to the Minnesota tax court relating thereto, there shall be added a specific penalty equal to ~~ten~~ five percent of the amount so remaining unpaid if the failure is for not more than 30 days, with an additional penalty of five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 15 percent in the aggregate. Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty, shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid.

Sec. 25. Minnesota Statutes 1992, section 294.03, subdivision 2, is amended to read:

Subd. 2. In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner in pursuance of law, unless it is shown that such failure is not due to willful

neglect, there shall be added to the tax in lieu of the ten percent specific penalty provided in subdivision 1: ten percent if the failure is for not more than 30 days with an additional five percent for each additional 30 days or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate a penalty of five percent of the amount of tax not timely paid. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax, and the amount of said tax together with the amount so added shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax.

For purposes of this subdivision, the amount of any taxes required to be shown on the return shall be reduced by the amount of any part of the tax which is paid on or before the date prescribed for payment of the tax and by the amount of any credit against the tax which may be claimed upon the return.

Sec. 26. Minnesota Statutes 1992, section 294.03, is amended by adding a subdivision to read:

Subd. 4. If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 27. Minnesota Statutes 1992, section 296.14, subdivision 1, is amended to read:

Subdivision 1. [CONTENTS; PAYMENT OF TAX; SHRINKAGE ALLOWANCE.] On or before the 23rd day of each month, every person who is required to pay gasoline tax or inspection fee on petroleum products and every distributor shall file in the office of the commissioner at St. Paul, Minnesota, a report in a manner approved by the commissioner showing the number of gallons of petroleum products received by the reporter during the preceding calendar month, and such other information as the commissioner may require. The number of gallons of gasoline shall be reported in United States standard liquid gallons (231 cubic inches), except that the commissioner may upon written application therefor and for cause shown permit the distributor to report the number of gallons of such gasoline as corrected to a 60 degree Fahrenheit temperature. If such application is granted, all gasoline covered in such application and as allowed by the commissioner must continue to be reported by the distributor on the adjusted basis for a period of one year from the date of the granting of the application. The number of gallons of petroleum products other than gasoline shall be reported as originally invoiced.

Each report shall show separately the number of gallons of aviation gasoline received by the reporter during such calendar month.

Each report shall be accompanied by remittance covering inspection fees on petroleum products and gasoline tax on gasoline received by the reporter during the preceding month; provided that in computing such tax a deduction of three percent of the quantity of gasoline received by a distributor shall be made for evaporation and loss; provided further that at the time of remittance the distributor shall submit satisfactory evidence that one-third of such three percent deduction shall have been credited or paid to dealers on quantities sold to them. The report and remittance shall be deemed to have been filed as herein required if postmarked on or before the 23rd day of the month in which payable.

Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

If the aggregate remittances made during a fiscal year ending June 30 equal or exceed ~~\$240,000~~ \$120,000, all remittances in the subsequent calendar year must be made by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the remittance is due. If the date the remittance is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the remittance is due.

Sec. 28. Minnesota Statutes 1992, section 297.03, subdivision 6, is amended to read:

Subd. 6. [TAX STAMPING MACHINES.] (a) The commissioner shall require any person licensed as a distributor 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. 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. A distributor having a liability of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must remit all liabilities purchased on a credit basis in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(b) If the commissioner finds that a stamping machine is not 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.

(c) The commissioner shall annually establish the maximum amount of heat applied stamps 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 purchased during the reporting period.

Sec. 29. Minnesota Statutes 1992, section 297.07, subdivision 1, is amended to read:

Subdivision 1. [MONTHLY RETURN FILED WITH COMMISSIONER.] On or before the 18th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity of cigarettes manufactured or brought in from without the state or purchased during the preceding calendar month and the quantity of cigarettes sold or otherwise disposed of in this state and outside this state during that month. Every licensed distributor outside this state shall in like manner file a return showing the quantity of cigarettes shipped or transported into this state during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. The return shall be accompanied by a remittance for the full unpaid tax liability shown by it. The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.

Sec. 30. Minnesota Statutes 1992, section 297.07, subdivision 4, is amended to read:

Subd. 4. [ACCELERATED TAX PAYMENT.] Every distributor having a liability of ~~\$1,500~~ \$120,000 or more ~~in May 1987 or in May of each subsequent during a fiscal year ending June 30,~~ shall remit the June liability for the next year in the following manner required by this section:

~~On or (a) Two business days before June 18, 1987, or June 18 30 of each subsequent the year,~~ the distributor shall remit the actual May liability and ~~one-half~~ 75 percent of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

~~(b) On or before July 18, 1987, or July August 18 of each subsequent the year,~~ the distributor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is 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~~ 70 percent of the actual June liability, or (b) ~~50~~ 75 percent of the preceding May's liability.

Sec. 31. Minnesota Statutes 1992, section 297.35, subdivision 1, is amended to read:

Subdivision 1. On or before the 18th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product (1) brought, or caused to be brought, into this state for sale; and (2) made, manufactured, or fabricated in this state for sale in this state, during the preceding calendar month. Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. Each return shall be accompanied by a remittance for the full tax liability shown therein, less 1.5 percent of such liability as compensation to reimburse the distributor for expenses incurred in the administration of sections 297.31 to 297.39. The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.

A distributor having a liability of ~~\$240,000~~ \$120,000 or more during a calendar year must remit all liabilities in the subsequent fiscal year ending June 30 by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 32. Minnesota Statutes 1992, section 297.35, subdivision 5, is amended to read:

Subd. 5. Every distributor having a liability of ~~\$1,500~~ \$120,000 or more ~~in May 1987 or in May of each subsequent during a fiscal year ending June 30,~~ shall remit the June liability for the next year in the following manner required by this section:

~~On or (a) Two business days before June 18, 1987, or June 18~~ 30 of each subsequent the year, the distributor shall remit the actual May liability and ~~one-half~~ 75 percent of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

~~(b) On or before July 18, 1987, or July~~ August 18 of each subsequent the year, the distributor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is 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 is not imposed if the amount remitted in June equals the lesser of (a) ~~(1) 45~~ 70 percent of the actual June liability, or ~~(b) (2) 50~~ 75 percent of the preceding May's liability.

Sec. 33. Minnesota Statutes 1992, 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, there shall be added to the tax a penalty equal to ~~three~~ five percent of the amount remaining unpaid if the failure is for not more than 30 days, with an additional penalty of ~~three~~ five percent of the amount of tax remaining unpaid during each additional 30 days or fraction thereof, not exceeding 24 ~~15~~ percent in the aggregate.

Sec. 34. Minnesota Statutes 1992, section 297.43, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required under sections 297.07, 297.23, and 297.35, there shall be added to the tax ~~three~~ five percent of the amount of tax not paid on or before the date prescribed for payment of the tax ~~if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid for each additional 30 days or fraction thereof during which such failure continues, not exceeding 23 percent in the aggregate.~~ The amount so added to any tax under this subdivision and subdivision 1 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

In the case of a failure to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision shall not be less than the lesser of (i) \$200; or (ii) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax; or (b) \$50.

Sec. 35. Minnesota Statutes 1992, section 297.43, is amended by adding a subdivision to read:

Subd. 4a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 36. Minnesota Statutes 1992, section 297C.03, subdivision 1, is amended to read:

Subdivision 1. [MANNER AND TIME OF PAYMENT; FAILURE TO PAY.] 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 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. 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. The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.

A person liable for an excise tax of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must remit all excise tax liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the excise tax is due. If the date the excise tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the excise tax is due.

Sec. 37. Minnesota Statutes 1992, section 297C.04, is amended to read:

297C.04 [PAYMENT OF TAX; MALT LIQUOR.]

The commissioner may by rule provide a reporting method for paying and collecting the excise tax on fermented malt beverages. The tax is imposed upon the first sale or importation made in this state by a licensed brewer or importer. The rules must require reports to be filed with and the excise tax to be paid to the commissioner on or before the 18th day of the month following the month in which the importation into or the first sale is made in this state, whichever first occurs. The rules must also require payments in June of 1987 and subsequent years according to the provisions of section 297C.05, subdivision 2.

A distributor who has title to or possession of fermented malt beverages upon which the excise tax has not been paid and who knows that the tax has not been paid, shall file a return with the commissioner on or before the 18th day of the month following the month in which the distributor obtains title or possession of the fermented malt beverages. The return must be made on a form furnished and prescribed by the commissioner, and must contain all information that the commissioner requires. The return must be accompanied by a remittance for the full unpaid liability shown on it. The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.

A licensed brewer, importer, or distributor having an excise tax liability of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must remit all excise tax liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the excise tax is due. If the date the excise tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the excise tax is due.

Sec. 38. Minnesota Statutes 1992, section 297C.05, subdivision 2, is amended to read:

Subd. 2. [ACCELERATED TAX PAYMENT.] Every person liable for tax under this chapter having a liability of ~~\$1,500~~ \$120,000 or more ~~in May 1987 or in May of each subsequent~~ during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner required by this section:

~~On or (a) Two business days before June 18, 1987, or June 18~~ 30 of each ~~subsequent~~ the year, the taxpayer shall remit the actual May liability and ~~one-half~~ 75 percent of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

~~(b) On or before August 18, 1987, or August 18 of each subsequent~~ the year, the taxpayer 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) (1) 45~~ 70 percent of the actual June liability, or ~~(b) (2) 50~~ 75 percent of the preceding May's liability.

Sec. 39. Minnesota Statutes 1992, 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, there shall be added to the tax a penalty equal to ~~three~~ five percent of the amount remaining unpaid if the failure is for not more than 30 days, with an additional penalty of ~~three~~ five percent of the amount of tax unpaid during each additional 30 days or fraction thereof, not exceeding ~~24~~ 15 percent in the aggregate.

Sec. 40. Minnesota Statutes 1992, section 297C.14, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required by this chapter or an extension of time, there shall be added to the tax ~~three~~ five percent of the amount of tax not paid on or before the date prescribed for payment of the tax ~~if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid for each additional 30 days or fraction thereof during which such failure continues, not exceeding 23 percent in the aggregate.~~ The amount so added to any tax under subdivisions 1 and 2 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

In the case of a failure to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision shall not be less than the lesser of (i) \$200; or (ii) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax; or (b) \$50.

Sec. 41. Minnesota Statutes 1992, section 297C.14, is amended by adding a subdivision to read:

Subd. 9. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 42. Minnesota Statutes 1992, section 298.27, is amended to read:

298.27 [COLLECTION AND PAYMENT OF TAX.]

The taxes provided by section 298.24 shall be paid directly to each eligible county and the iron range resources and rehabilitation board. The commissioner of revenue shall notify each producer of the amount to be paid each recipient prior to February 8 15. Every person subject to taxes imposed by section 298.24 shall file a correct report covering the preceding year. The report must contain the information required by the commissioner. The report shall be filed on or before February 1. A remittance equal to ~~90~~ 100 percent of the total tax required to be paid hereunder shall be paid on or before February ~~15~~ 24. On or before February 25, the county auditor shall make distribution of the payment received by the county in the manner provided by section 298.28. ~~The balance due shall be paid on or before April 15 following the production year, and shall be distributed by the county auditor as provided in section 298.28 by May 15.~~ Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable rules as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such rules may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment and determination of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, but not including provisions for refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent herewith. If any person subject to section 298.24 shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon information possessed or obtained, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 1, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person responsible for making a ~~partial~~ tax payment at the time and in the manner herein provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the ~~partial~~ tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

If any portion of the taxes provided for in section 298.24 is not paid before the fifteenth day of April of the year in which due and payable, a penalty of ten percent of such unpaid portion shall immediately accrue, and thereafter one percent per month shall be added to such tax and penalty while such tax remains unpaid.

A person having a liability of \$120,000 or more during a calendar year must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 43. Minnesota Statutes 1992, section 299F.21, subdivision 2, is amended to read:

Subd. 2. [ANNUAL RETURNS.] (a) Every insurer required to pay a tax under this section shall make and file a statement of estimated taxes for the period covered by the installment tax payment. The statement shall be in the form prescribed by the commissioner of revenue.

(b) On or before March 1, annually every insurer subject to taxation under this section shall make an annual return for the preceding calendar year setting forth information the commissioner of revenue may reasonably require on forms prescribed by the commissioner.

(c) On March 1, the insurer shall pay any additional amount due for the preceding calendar year; if there has been an overpayment, the overpayment may be credited without interest on the estimated tax due April 15.

(d) If unpaid by this date, penalties ~~and interest~~ as provided in section 289A.60, subdivision 1, as related to withholding and sales or use taxes, shall be imposed.

Sec. 44. Minnesota Statutes 1992, section 299F.23, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO FILE; PENALTIES AND INTEREST.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner of revenue in pursuance of law there shall be added to the tax penalties ~~and interest~~ as provided in section 289A.60, subdivision 2, as related to withholding and sales or use taxes.

Sec. 45. Minnesota Statutes 1992, section 299F.23, is amended by adding a subdivision to read:

Subd. 5. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 46. Minnesota Statutes 1992, 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. The rate of the tax is two percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 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 customer, to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

- (1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;
- (2) sales to distributors licensed under this chapter;

(3) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province; and

(4) sales of promotional tickets as defined in section 349.12.

(c) Pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.166, subdivision 2, paragraph (a), are exempt from the tax imposed by this subdivision. A distributor must require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to such an organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(d) A distributor having a liability of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 47. Minnesota Statutes 1992, section 349.217, subdivision 1, is amended to read:

Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] If a tax is not paid within the time specified for payment, a penalty is added to the amount required to be shown as tax. The penalty is ~~three~~ five percent of the unpaid tax 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 of 30 days during which the failure continues, not exceeding 24 ~~15~~ percent in the aggregate.

If the taxpayer has not filed a return, for purposes of this subdivision the time specified for payment is the final date a return should have been filed.

Sec. 48. Minnesota Statutes 1992, section 349.217, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return within the time prescribed or an extension, a penalty is added to the tax. The penalty is ~~three~~ five percent of the amount of tax not paid on or before the date prescribed for payment of the tax ~~if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days, during which the failure continues, not exceeding 23 percent in the aggregate.~~

If a taxpayer fails to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must be at least the lesser of: (1) \$200; or (2) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (b) \$50.

Sec. 49. Minnesota Statutes 1992, section 349.217, is amended by adding a subdivision to read:

Subd. 5a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 50. Minnesota Statutes 1992, section 473.843, subdivision 3, is amended to read:

Subd. 3. [PAYMENT OF FEE.] On or before the 20th day of each month each operator shall pay the fee due under this section for the previous month, using a form provided by the commissioner of revenue.

An operator having a fee of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must pay all fees in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the fee is due. If the date the fee is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the fee is due.

Sec. 51. [PENALTY FOR REPEATED NON-FILING; RULEMAKING REQUIRED.]

Before imposing a penalty under section 3, 6, 21, 26, 35, 41, 45, or 49, the commissioner of revenue shall promulgate rules under Minnesota Statutes, chapter 14, that prescribe what constitutes "repeated failures to timely file returns or timely pay taxes" for purposes of the penalty under each section and any other matters the commissioner determines appropriate.

Sec. 52. [EFFECTIVE DATE.]

Sections 1 to 6, 19 to 21, 24 to 26, 33 to 35, 39 to 41, 43 to 45, and 47 to 49 are effective for taxes and returns due on or after January 1, 1994.

For purposes of imposing the penalties under sections 3, 6, 21, 26, 35, 41, 45, and 49, violations for late filing of returns or late payment of taxes can occur before or after January 1, 1994, but no penalty may be imposed under those sections until final rules promulgated under the administrative procedures act satisfying requirements of section 51 take effect.

Sections 7, 8, 11, 16, and 17 are effective the day following final enactment.

Section 9 is effective July 1, 1993.

Sections 10 and 23 are effective for taxes due on or after October 1, 1993.

Section 12 is effective for confessions of judgment entered into after June 30, 1993.

Sections 13 to 15, 22, 27 to 32, 36 to 38, 42, 46, and 50 are effective for payments due in the calendar year 1994, and thereafter, based upon payments made in the fiscal year ending June 30, 1993, and thereafter; provided that section 13, as it relates to quarterly and annual sales and use tax returns, is effective for returns due for calendar quarters beginning with the first quarter of 1994, and for calendar years beginning with 1994.

Section 18 is effective for returns due for taxable years beginning after December 31, 1982.

ARTICLE 11

ASSESSORS ADMINISTRATIVE

Section 1. Minnesota Statutes 1992, section 270B.12, is amended by adding a subdivision to read:

Subd. 9. [COUNTY ASSESSORS.] If, as a result of an audit, the commissioner determines that a person is a Minnesota nonresident or part-year resident for income tax purposes, the commissioner may disclose the person's name, address, and social security number to the assessor of any political subdivision in the state, when there is reason to believe that the person may have claimed or received homestead property tax benefits for a corresponding assessment year in regard to property apparently located in the assessor's jurisdiction.

Sec. 2. Minnesota Statutes 1992, 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, 1992, or within two years of the assessor's first appointment under this section, whichever is later.

Sec. 3. Minnesota Statutes 1992, section 273.11, subdivision 13, is amended to read:

Subd. 13. [VALUATION OF INCOME-PRODUCING PROPERTY.] Beginning with the 1995 assessment, only accredited assessors or senior accredited assessors or other licensed assessors who have successfully completed at least

two income-producing property appraisal courses may value income-producing property for ad valorem tax purposes. "Income-producing property" as used in this subdivision means the taxable property in class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal recreational property not used for commercial purposes, and class 4d in section 273.13, subdivision 25; and class 5 in section 273.13, subdivision 31. "Income-producing property appraisal course" as used in this subdivision means a course of study of approximately 30 instructional hours, with a final comprehensive test. An assessor must successfully complete the final examination for each of the two required courses. The course must be approved by the board of assessors.

Sec. 4. [REPORT ON COMPOSITION OF FARMS.]

Before December 1, 1993, each county assessor shall provide a report to the commissioner of revenue on the composition of farm homesteads within the county. The report shall document the size of farms in acres, the value of farms broken down into land value and building value, and such other information as the commissioner shall require. The report shall be in a form prescribed by the commissioner with consultation from legislative staff. The commissioner shall make the information collected in the reports available to legislative staff.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 and 3 are effective the day following final enactment.

Section 2 is effective for any appointment beginning January 1, 1993 and thereafter.

ARTICLE 12

CONTAMINATION TAX

Section 1. [270.91] [CONTAMINATION TAX.]

Subdivision 1. [IMPOSITION.] A tax is annually imposed on the contamination value of taxable real property in this state.

Subd. 2. [INITIAL TAX RATES.] Unless the rates under subdivision 3 or 4 apply, the tax imposed under this section equals 100 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property.

Subd. 3. [TAX RATES, NONRESPONSIBLE PARTY.] If neither the owner nor the operator of the taxable real property, in the assessment year, is a responsible person under chapter 115B or a responsible party under chapter 18D for the presence of contaminants on the property, unless subdivision 4 applies, the tax imposed under this section equals 25 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property. A determination under section 115B.177 or other similar determination by the commissioner of the pollution control agency or by the commissioner of agriculture for a release of agricultural chemicals is dispositive of whether the owner or operator is not a responsible person under chapter 18D or 115B for purposes of this section. To qualify under this subdivision, the property owner must provide the assessor with a copy of the determination by July 1 of the assessment year.

Subd. 4. [TAX RATES AFTER PLAN APPROVAL.] (a) The tax imposed under this subdivision applies for the first assessment year that begins after one of the following occurs:

(1) a response action plan for the property has been approved by the commissioner of the pollution control agency or by the commissioner of agriculture for an agricultural chemical release or incident subject to chapter 18D and work under the plan has begun; or

(2) the contaminants are asbestos and the property owner has in place an abatement plan for enclosure, removal, or encapsulation of the asbestos or a proactive, in-place management program pursuant to the rules, requirements, and formal policies of the United States environmental protection agency. To qualify under this clause, the property owner must (1) have entered into a binding contract with a licensed contractor for completion of the work, (2) have obtained a license from the commissioner of health and begun the work, or (3) implemented a proactive, in-place management program pursuant to the rules, requirements, and formal policies of the United States environmental protection agency. An abatement plan must provide for completion of the work within a reasonable time period, as

determined by the assessors. An asbestos management program must cover a period of time and require such proactive practices as are required by the rules, requirements, and formal policies of the United States environmental protection agency.

(b) To qualify under paragraph (a), the property owner must provide the assessor with a copy of: (1) the approved response action plan; (2) a copy of the asbestos abatement plan and contract for completion of the work or the owner's license to perform the work; or (3) a copy of the approved asbestos management program. The property owner also must file with the assessor an affidavit indicating when work under the response action plan or asbestos abatement plan began.

(c) The tax imposed under this subdivision equals 50 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property.

(d) The tax imposed under this subdivision equals 12.5 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property. The tax under this paragraph applies if one of the following conditions is satisfied:

(1) the contaminants are subject to chapter 115B and neither the owner nor the operator of the taxable real property in the assessment year is a responsible person under chapter 115B;

(2) the contaminants are subject to chapter 18D and neither the owner nor the operator of the taxable real property in the assessment year is a responsible party under chapter 18D;

(3) the contaminants are asbestos and neither the owner nor the operator of the taxable real property in the assessment year is required to undertake asbestos-related work, but is implementing a proactive in-place management program.

Sec. 2. [270.92] [DEFINITIONS.]

Subdivision 1. [SCOPE OF APPLICATION.] For purposes of sections 1 to 8, the following terms have the meanings given.

Subd. 2. [ASSESSMENT YEAR.] "Assessment year" means the assessment year for purposes of general ad valorem property taxes.

Subd. 3. [CONTAMINANT.] "Contaminant" means a harmful substance as defined in section 115B.25, subdivision 7a.

Subd. 4. [CONTAMINATED MARKET VALUE.] "Contaminated market value" is the amount determined under section 3.

Subd. 5. [PRESENCE OF CONTAMINANTS.] "Presence of contaminants" includes the release or threatened release, as defined in section 115B.02, subdivision 15, of contaminants on the property.

Subd. 6. [RESPONSE PLAN.] "Response plan" means: (1) a development action response plan, as defined in section 469.174, subdivision 17; (2) a response action plan under chapter 115B or a corrective action plan under chapter 18D; (3) a plan for corrective action approved by the commissioner of agriculture under section 18D.105; or (4) a plan for corrective action approved by the commissioner of the pollution control agency under section 115C.03.

Sec. 3. [270.93] [TAX BASE; CONTAMINATION VALUE.]

The contamination value of a parcel of property is the amount of the market value reduction, if any, that is granted for general ad valorem property tax purposes for the assessment year because of the presence of contaminants. The contamination value for a property may be no greater than the estimated cost of implementing a reasonable response action plan or asbestos abatement plan or management program for the property. These reductions in market value include those granted by a court, by a board of review, by the assessor upon petition or request of a property owner, or by the assessor. Reductions granted by the assessor are included only if the assessor reduced the property's market value for the presence of contaminants using an appraisal method or methods that are specifically designed or intended to adjust for the valuation effects of the presence of contaminants. The contamination value for a parcel with a reduction in value of less than \$10,000 is zero.

Sec. 4. [270.94] [EXEMPTION.]

(a) The tax imposed by sections 1 to 8 does not apply to the contamination value of a parcel of property attributable to contaminants that were addressed by a response action plan for the property, if the commissioner of the pollution control agency, or the commissioner of agriculture for a release subject to chapter 18D, has determined that all the requirements of the plan have been satisfied. This exemption applies beginning for the first assessment year after the commissioner of the pollution control agency, or the commissioner of agriculture determines that the implementation of a response action plan has been completed. To qualify under this paragraph, the property owner must provide the assessor with a copy of the determination by the commissioner of the pollution control agency or the commissioner of agriculture of the completion of the response action plan.

(b) The tax imposed by sections 1 to 8 does not apply to the contamination value of a parcel that is attributable to asbestos, if the work has been completed under an asbestos abatement plan and the property owner provides the assessor with an affidavit stating the work under the abatement plan has been completed and any other evidence or information the assessor requests.

Sec. 5. [270.95] [PAYMENT; ADMINISTRATION.]

The tax imposed under sections 1 to 8 is payable at the same time and manner as the regular ad valorem property tax. The tax is subject to the penalty, interest, lien, forfeiture, and any other rules for collection of the regular ad valorem property tax. If a reduction in market value that creates contamination value is granted after the ad valorem property tax has been paid, the contamination tax must be subtracted from the amount to be refunded to the property owner.

Sec. 6. [270.96] [DUTIES.]

Subdivision 1. [ASSESSORS.] Each assessor shall notify the county auditor of the contamination value under section 1 by the separate tax rate categories under subdivisions 2, 3, and 4 for each parcel of property within the assessor's jurisdiction. The assessor shall provide notice of the contamination value to the property owner by the later of June 1 of the assessment year or 30 days after the reduction in market value is finally granted.

Subd. 2. [AUDITOR.] The county auditor shall prepare separate lists of the contamination values for all property located in the county that are taxed under section 1, subdivisions 2, 3, and 4. The commissioner shall prescribe the form of the listing. The auditor shall include the amount of the contamination taxes on the contamination value for the assessment year on the regular ad valorem property tax statement under section 276.04.

Subd. 3. [TREASURER.] (a) The county treasurer shall pay the proceeds of the tax imposed under section 1, subdivision 4, less the amount retained by the county for the cost of administration under section 8, to the commissioner at the same times provided for the ad valorem property tax settlements.

(b) The county treasurer shall pay the proceeds of the tax imposed under section 1, subdivisions 2 and 3 to the local taxing jurisdictions in the same manner provided for the distribution of ad valorem property taxes.

Subd. 4. [COURT ORDERED REDUCTIONS IN VALUE.] If a court orders a reduction in market value for purposes of the ad valorem property tax because of the presence of contaminants on the property, the court shall include in its order an offset for payment of the tax on contaminated value under section 1.

Sec. 7. [270.97] [DEPOSIT OF REVENUES.]

The commissioner shall deposit all revenues derived from the tax, interest, and penalties received from the county in the contaminated site cleanup and development account in the general fund.

Sec. 8. [270.98] [LOCAL ADMINISTRATIVE COSTS.]

The county may retain five percent of the total revenues derived from the tax imposed under section 1, subdivision 4, including interest and penalties, as compensation for administering the tax. The county board may reimburse municipalities for the services provided by assessors employed by the municipality in administering sections 1 to 8.

Sec. 9. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 15. [VALUATION OF CONTAMINATED PROPERTIES.] (a) In determining the market value of property containing contaminants, the assessor shall reduce the market value of the property by the contamination value of the property. The contamination value is the amount of the market value reduction that results from the presence of the contaminants, but it may not exceed the cost of a reasonable response action plan or asbestos abatement plan or management program for the property.

(b) For purposes of this subdivision, "asbestos abatement plan," "contaminants," and "response action plan" have the meanings as used in sections 1 and 2.

Sec. 10. Minnesota Statutes 1992, section 275.065, subdivision 3, is amended to read:

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

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

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

(d) The notice must state for each parcel:

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

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

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

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

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(5) any additional amount levied in lieu of a local sales and use tax, unless this amount is included in the proposed or final taxes; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

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

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

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

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

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

Sec. 11. Minnesota Statutes 1992, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. 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 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. 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) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value as defined in section 272.03, subdivision 8;
- (2) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);
- (3) a total of the following aids:
 - (i) education aids payable under chapters 124 and 124A;
 - (ii) local government aids for cities, towns, and counties under chapter 477A; and
 - (iii) disparity reduction aid under section 273.1398;
- (4) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement

for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief";

(6) the net tax payable in the manner required in paragraph (a); and

(7) any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.61. These amounts shall be listed as "voter approved referenda levies."

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 11 are effective beginning with taxes assessed in 1994, payable in 1995, and apply to reductions in market value in effect for the year regardless of when they were granted.

ARTICLE 13

CONTAMINATION CLEANUP GRANTS

Section 1. [116J.551] [CREATION OF ACCOUNT.]

A contaminated site cleanup and development account is created in the general fund. Money in the account may be used, as appropriated by law, to make grants as provided in section 4 and to pay for the commissioner's costs in reviewing applications and making grants.

Sec. 2. [116J.552] [DEFINITIONS.]

Subdivision 1. [SCOPE OF APPLICATION.] For purposes of sections 1 to 7, the following terms have the meanings given.

Subd. 2. [CLEANUP COSTS.] "Cleanup costs" or "costs" mean the cost of implementing an approved response action plan.

Subd. 3. [CONTAMINANT.] "Contaminant" means a hazardous substance or a pollutant or contaminant as those terms are defined in section 115B.02.

Subd. 4. [DEVELOPMENT AUTHORITY.] "Development authority" includes a statutory or home rule charter city, housing and redevelopment authority, economic development authority, and a port authority.

Subd. 5. [METROPOLITAN AREA.] "Metropolitan area" means the seven-county metropolitan area, as defined in section 473.121, subdivision 2.

Subd. 6. [MUNICIPALITY.] "Municipality" means the statutory or home rule charter city, town, or, in the case of unorganized territory, the county in which the site is located.

Subd. 7. [PROJECT COSTS.] "Project costs" includes cleanup costs for the site and the cost of related site acquisition, demolition of existing improvements, and installation of public improvements necessary for the development authority to implement the response action plan.

Subd. 8. [RESPONSE ACTION PLAN.] "Response action plan" means a response action plan approved by the commissioner of the pollution control agency, including a "development action response plan" that meets the

requirements of section 469.174, subdivision 17; and a "voluntary response action plan" under section 115B.175, subdivision 3.

Sec. 3. [116].553] [GRANT APPLICATIONS.]

Subdivision 1. [APPLICATION REQUIRED.] To obtain a contamination cleanup development grant, the development authority shall apply to the commissioner. The governing body of the municipality must approve, by resolution, the application.

Subd. 2. [REQUIRED CONTENT.] The commissioner shall prescribe and provide the application form. The application must include at least the following information:

- (1) identification of the site;
- (2) an approved response action plan for the site, including the results of engineering and other tests showing the nature and extent of the release or threatened release of contaminants at the site;
- (3) a detailed estimate, along with necessary supporting evidence, of the total cleanup costs for the site;
- (4) an appraisal of the current market value of the property, separately taking into account the effect of the contaminants on the market value, prepared by a qualified independent appraiser using accepted appraisal methodology;
- (5) an assessment of the development potential or likely use of the site after completion of the response action plan, including any specific commitments from third parties to construct improvements on the site;
- (6) the manner in which the municipality will meet the local match requirement; and
- (7) any additional information or material that the commissioner prescribes.

Sec. 4. [116].554] [GRANTS.]

Subdivision 1. [AUTHORITY.] The commissioner may make a grant to an applicant development authority to pay for up to 75 percent of the cleanup costs for a qualifying site, except the grant may not exceed 50 percent of the project costs. The determination of whether to make a grant for a qualifying site is within the sole discretion of the commissioner, subject to the process provided by this section, and available unencumbered money in the appropriation. The commissioner's decisions and application of the priorities under section 5 are not subject to judicial review, except for abuse of discretion.

Subd. 2. [QUALIFYING SITES.] A site qualifies for a grant under this section, if the following criteria are met:

- (1) the site is not scheduled for funding during the current or next fiscal year under the Comprehensive Environmental Response, Compensation, and Liability Act, United States Code, title 42, section 9601, et seq. or under the environmental response, and liability act under sections 115B.01 to 115B.24;
- (2) the appraised value of the site after adjusting for the effect on the value of the presence or possible presence of contaminants using accepted appraisal methodology (i) is less than 50 percent of the estimated cleanup costs for the site or (ii) is less than or equal to the estimated cleanup costs for the site and the cleanup costs equal or exceed \$3 per square foot for the site; and
- (3) if the proposed cleanup is completed, it is expected that the site will be improved with buildings or other improvements and these improvements will provide a substantial increase in the property tax base within a reasonable period of time or the site will be used for an important publicly owned or tax-exempt facility.

Sec. 5. [116].555] [PRIORITIES.]

Subdivision 1. [PRIORITIES.] (a) The legislature expects that applications for grants will exceed the available appropriations and the agency will be able to provide grants to only some of the applicant development authorities.

(b) If applications for grants for qualified sites exceed the available appropriations, the agency shall make grants for sites that, in the commissioner's judgment, provide the highest return in public benefits for the public costs

incurred and that meet all the requirements provided by law. In making this judgment, the commissioner shall consider the following factors:

(1) the recommendations or ranking of projects by the commissioner of the pollution control agency regarding the potential threat to public health and the environment that would be reduced or eliminated by completion of each of the response action plans;

(2) the potential increase in the property tax base of the local taxing jurisdictions, considered relative to the fiscal needs of the jurisdictions, that will result from developments that will occur because of completion of each of the response action plans;

(3) the social value to the community of the cleanup and redevelopment of the site, including the importance of development of the proposed public facilities on each of the sites;

(4) the probability that each site will be cleaned up without use of government money in the reasonably foreseeable future;

(5) the amount of cleanup costs for each site; and

(6) the amount of the commitment of municipal or other local resources to pay for the cleanup costs.

The factors are not listed in a rank order of priority; rather the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The commissioner may consider other factors that affect the net return of public benefits for completion of the response action plan. The commissioner, notwithstanding the listing of priorities and the goal of maximizing the return of public benefits, shall make grants that distribute available money to sites both within and outside of the metropolitan area. The commissioner shall provide a written statement of the supporting reasons for each grant. Unless sufficient applications are not received for qualifying sites outside of the metropolitan area, at least 25 percent of the money provided as grants must be made for sites located outside of the metropolitan area.

Subd. 2. [APPLICATION CYCLES; REPORTING TO LCWM.] (a) In making grants, the commissioner shall establish regular application deadlines in which grants will be authorized from all or part of the available appropriations of money in the account.

(b) After each cycle in which grants are awarded, the commissioner shall report to the legislative commission on waste management the grants awarded and appropriate supporting information describing each grant made. This report must be made within 30 days after the grants are awarded.

(c) The commissioner shall annually report to the legislative commission on the status of the cleanup projects undertaken under grants made under the programs. The commissioner shall include in the annual report information on the cleanup and development activities undertaken for the grants made in that and previous fiscal years. The commissioner shall make this report no later than 120 days after the end of the fiscal year.

Sec. 6. [116].556] [LOCAL MATCH REQUIREMENT.]

(a) In order to qualify for a grant under sections 1 to 7, the municipality must pay for at least one-half of the project costs as a local match. The municipality shall pay an amount of the project costs equal to at least 18 percent of the cleanup costs from the municipality's general fund, a property tax levy for that purpose, or other unrestricted money available to the municipality (excluding tax increments). These unrestricted moneys may be spent for project costs, other than cleanup costs, and qualify for the local match payment equal to 18 percent of cleanup costs. The rest of the local match may be paid with tax increments or any other money available to the municipality.

(b) If the development authority establishes a tax increment financing district or hazardous substance subdistrict on the site to pay for part of the local match requirement, the district or subdistrict is not subject to the state aid reductions under section 273.1399. In order to qualify for the exemption from the state aid reductions, the municipality must elect, by resolution, on or before the request for certification is filed that all tax increments from the district or subdistrict will be used exclusively to pay (1) for project costs for the site and (2) administrative costs for the district or subdistrict. The district or subdistrict must be decertified when an amount of tax increments equal to no more than three times the costs of implementing the response action plan for the site and the administrative costs for the district or subdistrict have been received, after deducting the amount of the state grant.

Sec. 7. [116].557] [COST RECOVERY ACTIONS.]

Subdivision 1. [CAUSE OF ACTION.] The attorney general or a development authority or municipality that incurs cleanup costs to implement an approved response action plan pursuant to sections 216C.11 to 216C.16, may bring an action under section 115B.04 or other law to recover the reasonable and necessary cleanup costs incurred by the development authority or municipality. The attorney general, development authority, or municipality may recover all cleanup costs incurred whether paid from the proceeds of a grant under sections 216C.11 to 216C.16 or funds of the development authority or municipality. Recoverable costs include administrative and legal costs related to the development and implementation of the response action plan but do not include any cost associated with development or redevelopment of property. A development authority or municipality must have the consent of the attorney general to bring or settle an action under this subdivision to recover cleanup costs paid from the proceeds of a grant.

Subd. 2. [PROCEDURES.] The commissioner shall notify the attorney general when a grant is awarded under sections 216C.11 to 216C.16. Upon request of the attorney general the development authority shall prepare and submit a certification of the cleanup costs and shall cooperate in any cost recovery action brought by the attorney general under subdivision 1. Certification by the development authority of the cleanup costs incurred to develop and implement the approved response action plan is prima facie evidence that the costs are reasonable and necessary in any action brought under this section.

Subd. 3. [ATTORNEY GENERAL ASSISTANCE AND COSTS.] (a) The attorney general may assist a development authority or municipality, if requested to do so, in bringing an action under subdivision 1 by providing legal and technical advice or other appropriate assistance. The attorney general shall not assess any fee to the development authority or municipality for the assistance but may recover the cost of the assistance as provided in paragraph (b).

(b) If the attorney general brings or assists in an action brought under subdivision 1, the reasonable litigation expenses or other costs of legal or technical assistance incurred by the attorney general must be deducted from any recovery and paid to the attorney general before proceeds of the recovery are otherwise distributed. The attorney general shall deposit any money so deducted in the general fund.

Subd. 4. [DISPOSITION OF RECOVERED AMOUNTS.] Amounts recovered from responsible persons, after any deduction under subdivision 3, and all other amounts otherwise received by the municipality, the agency, or the attorney general for the site shall be used to reimburse the municipality and the account in proportion to their respective payments for response costs. The amount of recovered costs apportioned to tax increments must be treated by the municipality and development authority as an excess increment under section 469.176, subdivision 2.

Sec. 8. [ST. PAUL; ARLINGTON-JACKSON STUDY AREA; SPECIAL RULES FOR LOCAL MATCH.]

(a) The city of St. Paul or any of its development authorities or agencies may apply for one or more grants under this article for contamination cleanup in the area bounded on the south by Maryland Avenue, on the west by Jackson Street, on the north by Arlington Avenue, and on the east by interstate highway 35E. In applying the local match requirement under section 6, the city may meet the requirement that an amount equal to 18 percent of cleaning costs be paid with unrestricted money (excluding tax increments) by including unrestricted money spent in the defined area for land acquisition, public improvements or other development costs which do not qualify as cleanup costs.

(b) Notwithstanding this exception, the city must provide, at least, one-half of the project costs for the site for which the grant is made. The local share of the project costs may be financed wholly or in part with tax increments.

(c) Unrestricted money spent for land acquisition or other costs and counted to meet the 18 percent match may be spent for costs anywhere with the defined area, regardless of whether they are for the specific site, but may only be used once in an application for a grant, if grant applications are made for two or more sites in the area.

(d) These special rules are provided to allow the city to begin activities within the broader area before testing and assessment of the contamination has been done and still to be able to qualify for a grant with an equivalent local match. The legislature shall study whether similar situations are common for other contaminated areas and whether the general law should be modified to provide for similar treatment for all comparable sites.

Sec. 9. [APPROPRIATION.]

\$2,000,000 is appropriated to the commissioner of trade and economic development from the contaminated site cleanup and development account in the general fund to make grants under sections 1 to 7 and to pay the costs of administering the grant program. This appropriation is for fiscal year 1995 and remains available and does not cancel.

ARTICLE 14

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 1992, section 273.1399, subdivision 1, is amended to read:

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

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

(1) the captured net tax capacity of a new or the expanded part of an existing economic development or soils condition tax increment financing district, other than a qualified manufacturing district, for which certification was requested after April 30, 1990;

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

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

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

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

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

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

(c) "Qualified manufacturing district" means an economic development district that qualifies under section 469.176, subdivision 4c, paragraph (a), without regard to clauses (2) and (4) (5), for which certification was requested after June 30, 1991, located in a home rule charter or statutory city that (1) has a population under 10,000 according to the last federal census and (2) is wholly located outside of a metropolitan statistical area as determined by the United States Office of Management and Budget.

(d) "Qualified housing district" means a housing district for a residential rental project or projects in which the only properties receiving assistance from revenues derived from tax increments from the district meet all of the requirements for a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1992, regardless of whether the project actually receives a low-income housing credit.

(e) "Qualified hazardous substance subdistrict" means a hazardous substance subdistrict in which the municipality has made an election to make an alternative local contribution as provided under section 9.

Sec. 2. [272.71] [TIF PROPERTIES; NOTICE OF POTENTIAL VALUATION REDUCTIONS.]

(a) The following officials shall notify the municipality of potential reductions in the market value of taxable parcels located in a tax increment financing district:

(1) for applications to reduce market value or abate taxes or for applications to a local or county board of review, the assessor;

(2) for applications to reduce market value or abate taxes by the state board of equalization, the commissioner of revenue;

(3) for petitions to reduce market value or object to taxes under chapter 278, the county attorney.

The official shall provide the notice to the municipality in writing within 60 days after the petition or application for a reduction is made.

(b) This section applies only to reductions in valuation or taxes that are granted after certification of final values for purposes of certifying local tax rates.

(c) For purposes of this section, "municipality" means the municipality for the tax increment financing district, as defined under section 469.174, subdivision 6.

Sec. 3. Minnesota Statutes 1992, 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 compensation 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, or has contained within the three years immediately preceding the exercise of the power of eminent domain and is currently vacant, buildings and improvements which are vacated and substandard. Notwithstanding the prior sentence, in cities of the first class the exercise of the power of eminent domain under this clause shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain, buildings and improvements which are 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 Department of Housing and Urban Development 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 an agreement with the governing body or bodies creating the authority which provides exemption from all real and personal property taxes levied or imposed by the state, city, county, or other political subdivisions, for which the authority shall make payments in lieu of taxes to the state, city, county, or other political subdivisions as provided in section 469.040. The governing body shall agree on behalf of all the applicable governing bodies affected that local cooperation as required by the federal government shall be provided by the local governing body or bodies in whose jurisdiction the project is to be located, at no cost or at no greater cost than the same public services and facilities furnished to other residents;

(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);

(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;

(30) within its area of operation, to acquire and sell real property that is benefited by federal housing assistance payments, other rental subsidies, interest reduction payments, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing;

(31) to apply for, enter into contracts with the federal government, administer, and carry out a section 8 program. Authorization by the governing body creating the authority to administer the program at the authority's initial application is sufficient to authorize operation of the program in its area of operation for which it was created without additional local governing body approval. Approval by the governing body or bodies creating the authority constitutes approval of a housing program for purposes of any special or general law requiring local approval of section 8 programs undertaken by city, county, or multicounty authorities; and

(32) to secure a mortgage or loan for a rental housing project by obtaining 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 specified in sections 559.17, subdivision 2, clause (2); and 576.01, subdivision 2, does not apply.

Sec. 4. Minnesota Statutes 1992, section 469.174, subdivision 19, is amended to read:

Subd. 19. [SOILS CONDITION DISTRICTS.] (a) "Soils condition 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 the following conditions exist:

(1) ~~less than 70 percent of the parcels in the district are occupied by buildings, streets, utilities, or other improvements;~~

(2) unusual terrain, the presence of hazardous substances, pollution or contaminants, or soil deficiencies for 80 percent of the acreage in the district require substantial filling, grading, removal or remedial action, or other physical preparation for use;

(3) (2) the estimated cost of the physical preparation under clause (2) (1), but excluding costs directly related to roads as defined in section 160.01 and local improvements as described in sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, ~~when added to the fair market value of the land upon inclusion in the district exceeds the anticipated~~ fair market value of the land upon before completion of the preparation.

The requirements of clause (2) need not be satisfied, if each parcel of property in the district either satisfies the requirements of clause (2) or the estimated costs of the proposed removal or remedial action exceeds \$2 per square foot for the area of the parcel.

(b) An area does not qualify as a soils condition district if it contains a wetland, as defined in section 103G.005, unless the development agreement prohibits draining, filling, or other alteration of the wetland or other binding legal assurances for preservation of the wetland are provided.

(c) If the district is located in the metropolitan area, the proposed development of the district in the tax increment financing plan must be consistent with the municipality's land use plan adopted in accordance with sections 473.851 to 473.872 and reviewed by the metropolitan council under section 473.175. If the district is located outside of the metropolitan area, the proposed development of the district must be consistent with the municipality's comprehensive municipal plan.

~~(d) No parcel shall be included in the district unless the authority has concluded an agreement or agreements for the development of at least 50 percent of the acreage having the unusual soil or terrain deficiencies. The agreement must provide recourse for the authority if the development is not completed.~~

Sec. 5. Minnesota Statutes 1992, section 469.174, subdivision 20, is amended to read:

Subd. 20. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1988~~ 1992.

Sec. 6. Minnesota Statutes 1992, section 469.174, is amended by adding a subdivision to read:

Subd. 27. [TOURISM FACILITY.] "Tourism facility" means property that:

- (1) is located in a county where the median income is no more than 85 percent of the state median income;
- (2) is located in a county in which, excluding the cities of the first class in that county, the earnings on tourism-related activities are 15 percent or more of the total earnings in the county;
- (3) is located outside the metropolitan area defined in section 473.121, subdivision 2;
- (4) is not located in a city with a population in excess of 20,000; and
- (5) is acquired, constructed, or rehabilitated for use as a convention and meeting facility, amusement park, recreation facility, cultural facility, marina, park, hotel, motel, lodging facility, or nonhomestead dwelling unit that in each case is intended to serve primarily individuals from outside the county.

Sec. 7. Minnesota Statutes 1992, section 469.175, subdivision 1, is amended to read:

Subdivision 1. [TAX INCREMENT FINANCING PLAN.] (a) A tax increment financing plan shall contain:

- (1) a statement of objectives of an authority for the improvement of a project;
- (2) a statement as to the development program for the project, including the property within the project, if any, that the authority intends to acquire;
- (3) a list of any development activities that the plan proposes to take place within the project, for which contracts have been entered into at the time of the preparation of the plan, including the names of the parties to the contract, the activity governed by the contract, the cost stated in the contract, and the expected date of completion of that activity;
- (4) identification or description of the type of any other specific development reasonably expected to take place within the project, and the date when the development is likely to occur;
- (5) estimates of the following:
 - (i) cost of the project, including administration expenses;
 - (ii) amount of bonded indebtedness to be incurred;
 - (iii) sources of revenue to finance or otherwise pay public costs;

- (iv) the most recent net tax capacity of taxable real property within the tax increment financing district;
- (v) the estimated captured net tax capacity of the tax increment financing district at completion; and
- (vi) the duration of the tax increment financing district's existence;

(6) statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district;

(7) identification and description of studies and analyses used to make the determination set forth in subdivision 3, clause (2); and

(8) identification of all parcels to be included in the district.

(b) For a housing district, redevelopment district, or a hazardous substance subdistrict, the authority may elect in the tax increment financing plan to provide for the identification of a minimum market value in the plan, development agreement, or assessment agreement, and provide that increment is first received by the authority when (1) the market value of the improvements as determined by the assessor reaches or exceeds the minimum market value, or (2) four years has elapsed from the date of certification of the original net tax capacity of the taxable real property in the district by the county auditor, whichever is earlier.

Sec. 8. Minnesota Statutes 1992, section 469.175, is amended by adding a subdivision to read:

Subd. 2a. [HOUSING DISTRICTS; REDEVELOPMENT DISTRICTS.] In the case of a proposed housing district or redevelopment district, in addition to the requirements of subdivision 2, at least 30 days before the publication of the notice for public hearing under subdivision 3, the authority shall deliver written notice of the proposed district to each county commissioner who represents part of the area proposed to be included in the district. The notice must contain a general description of the boundaries of the proposed district and the proposed activities to be financed by the district, an offer by the authority to meet and discuss the proposed district with the county commissioner, and a solicitation of the commissioner's comments with respect to the district.

Sec. 9. Minnesota Statutes 1992, section 469.175, is amended by adding a subdivision to read:

Subd. 6. [HAZARDOUS SUBSTANCE SUBDISTRICTS; LOCAL CONTRIBUTION ELECTION.] The state aid reductions under section 273.1399 do not apply to a hazardous substance subdistrict, if the municipality elects to pay and pays 18 percent of the cost of developing and implementing the development action response plan for the subdistrict and of any deposits to an indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted money of the municipality (other than tax increments). The municipality must elect this option before it requests certification of the original tax capacity of the subdistrict and must notify the commissioner of revenue of its election. The election is irrevocable.

Sec. 10. Minnesota Statutes 1992, 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 (g) subdivisions 1a to 1f, 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 (g) subdivisions 1a to 1f. 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~~ are pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full.

(d) Subd. 1a. [DURATION LIMIT; THREE-YEAR ACTIVITY RULE.] 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 net tax capacity of the taxable real property in the district by the county auditor, unless within the three-year period (1) bonds have been issued in aid of the project containing the district pursuant to section 469.178, or any other law, except revenue bonds issued pursuant to sections 469.152 to 469.165, 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) Subd. 1b. [DURATION LIMITS; TERMS.] (a) No tax increment shall in any event be paid to the authority

(1) after 25 years from date of receipt by the authority of the first tax increment for a mined underground space development district, ~~redevelopment district, or housing district;~~

(2) after 15 years after receipt by the authority of the first increment for a renewal and renovation district,

(3) after 12 years from approval of the tax increment financing plan for a soils condition district, ~~and~~

(4) after ~~eight~~ nine years from the date of the receipt, or ~~ten~~ 11 years from approval of the tax increment financing plan, whichever is less, for an economic development district;

(5) for a housing district or a redevelopment district, after 20 years from the date of receipt by the authority of the first tax increment by the authority pursuant to section 469.175, subdivision 1, paragraph (b); or, if no provision is made under section 469.175, subdivision 1, paragraph (b), after 25 years from the date of receipt by the authority of the first increment.

(b) For purposes of determining a duration limit under this subdivision or subdivision 1e that is based on the receipt of an increment, any increments from taxes payable in the year in which the district terminates shall be paid to the authority. This paragraph does not affect a duration limit calculated from the date of approval of the tax increment financing plan or based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

Subd. 1c. [DURATION LIMITS; PRE-1979 DISTRICTS.] 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) Subd. 1d. [DURATION LIMITS; EFFECT OF MODIFICATIONS.] Modification of a tax increment financing plan pursuant to section 469.175, subdivision 4, shall not extend the durational limitations of ~~this subdivision~~ subdivisions 1 to 1f.

(g) Subd. 1e. [DURATION LIMITS; HAZARDOUS SUBSTANCE SUBDISTRICTS.] 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~~ subdivisions 1 to 1f for the overlying district. 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 certification under section 469.174, subdivision 7, paragraph (b), and received after the date of certification to the county auditor described in section 469.174, subdivision 7, paragraph (b). The extended period for collection of tax increment is the lesser of: (1) 25 years from the date of commencement of the extended period or 20 years if the authority elects under section 469.175, subdivision 1, paragraph (b), to defer receipt of the first increment; or (2) the period necessary to recover the costs of removal actions or remedial actions specified in a development response action plan.

(*) Subd. 1f. [DELINQUENT TAXES AFTER TERMINATION.] If a parcel located in the district has delinquent property taxes when the district terminates under the duration limits ~~under this subdivision~~, the payment of the parcel's delinquent taxes made after decertification of the district are tax increments to the extent the nonpayment of property taxes caused the outstanding bonds or contractual obligations pledged to be paid by the district to be paid by sources other than tax increments or to go unpaid. The county auditor shall pay the appropriate amount to the district. The authority shall provide the county auditor with information regarding the payment of outstanding bonds or contractual obligations and any other information necessary to administer the payment, as requested by the county auditor.

Sec. 11. Minnesota Statutes 1992, section 469.176, subdivision 4, is amended to read:

Subd. 4. [LIMITATION ON USE OF TAX INCREMENT; GENERAL RULE.] All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (1) to pay the principal of and interest on bonds issued to finance a project; (2) by a rural development financing authority for the purposes stated in section 469.142, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.048 to 469.068, by an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.090 to 469.108, by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to sections 469.001 to 469.047, by a municipality or economic development authority to finance or otherwise pay the capital and administration costs of a development district pursuant to sections 469.124 to 469.134, by a municipality or authority to finance or otherwise pay the costs of developing and implementing a development action response plan, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve.

Sec. 12. Minnesota Statutes 1992, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. [ECONOMIC DEVELOPMENT DISTRICTS.] (a) 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 ten more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of tangible personal property, but excluding retail sales;

(3) research and development ~~or~~ related to the activities listed in clause (1) or (2);

(4) telemarketing if that activity is the exclusive use of the property; ~~or~~

(4) (5) tourism facilities, ~~if the tourism facility is not located in a development region, as defined in section 462.384, with a population in excess of 1,000,000; or~~

(6) space necessary for and related to the activities listed in clauses (1) to (5).

~~The percentage of buildings and facilities that may be used for nonqualifying purposes is increased above ten percent, but not over 25 percent, to the extent the nonqualifying square footage is directly related to and in support of the qualifying activity.~~

(b) ~~Population must be determined under the provisions of section 477A.011. Tourism facilities are limited to hotel and motel properties, including ancillary restaurants, convention and meeting facilities, amusement parks, recreation facilities, cultural facilities, marinas, and parks. The city must find that the tourism facilities are intended primarily to serve individuals outside of the development region.~~

(c) ~~If the authority financed the construction of improvements with increment revenues for a site on which the authority expected qualifying facilities to be constructed and nonqualified property was constructed on the site in~~

~~excess of the amount permitted under paragraph (a) within five years after the district was created, the developer of the nonqualified property must pay to the authority an amount equal to 90 percent of the benefit resulting from the improvements. The amount required to be paid may not exceed the proportionate cost of the improvements, including capitalized interest, that was financed with increment revenues. The payment must be used to prepay or discharge bonds under section 469.176, subdivision 2, paragraph (a), clauses (1) to (3). If no bonds are outstanding, the payment shall be distributed as an excess increment. "Benefit" has the meaning given in chapter 429.~~

(d) (b) Notwithstanding the provisions of this subdivision, revenue derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 5,000 square feet of commercial and retail facilities within the municipal jurisdiction of a home rule charter or statutory city that has a population of 5,000 or less. The 5,000 square feet limitation is cumulative and applies to all facilities in all the economic development districts within the municipal jurisdiction.

Sec. 13. Minnesota Statutes 1992, section 469.176, subdivision 4e, is amended to read:

Subd. 4e. [HAZARDOUS SUBSTANCE SUBDISTRICTS.] The additional tax increment received by the municipality from a hazardous substance subdistrict as a result of a reduction in original net tax capacity pursuant to section 469.174, subdivision 7, paragraph (b), or as a result of the extension of the period for collection of tax increment from a hazardous substance site or subdistrict provided for in subdivision 1, paragraph (g), may be used only to pay or reimburse the costs of: (1) removal actions or remedial actions with respect to hazardous substances or pollutants or contaminants or petroleum releases affecting or which may affect the designated hazardous substance site; (2) pollution testing, demolition, and soil compaction correction necessitated by the development response action plan for the designated hazardous substance site; and (3) purchase of environmental insurance or deposits to a guaranty fund, relating only to liability or response costs for land in the subdistrict; and (4) related administrative and legal costs, including costs of review and approval of development response action plans by the pollution control agency and litigation expenses of the attorney general.

Sec. 14. Minnesota Statutes 1992, section 469.176, subdivision 4g, is amended to read:

Subd. 4g. [GENERAL GOVERNMENT USE PROHIBITED.] (a) These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment from any district, whether certified before or after August 1, 1979, shall be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the municipality.

(b) If any publicly owned facility used for social, recreational, or conference purposes and financed in whole or in part from revenues derived from a district is operated or managed by an entity other than the authority, the operating and management policies of the facility must be approved by the governing body of the authority.

Sec. 15. [469.1765] [GUARANTY FUND.]

Subdivision 1. [AUTHORITY TO ESTABLISH.] An authority may establish and maintain a guaranty fund or funds. Money in the guaranty fund is available, under the terms and conditions that the development authority establishes, to indemnify or hold harmless a person from liability for remediation costs under a state or federal environmental law, regulation, ruling, order, or decision.

Subd. 2. [ELIGIBLE PERSON.] The authority may agree to pledge money in the guaranty fund to indemnify a person whose liability arises out of use, ownership, occupancy, or financing of a property in the subdistrict or district.

Subd. 3. [TERMS OF INDEMNITY.] The authority shall determine by resolution or by agreement with the person the terms and conditions under which money in the guaranty fund will be used to indemnify or hold harmless the person. The authority may not agree to indemnify a person from liability for contamination caused by the person. The maximum amount that may be paid from the guaranty fund with respect to properties within a subdistrict or district is one-half of the remediation and removal costs. The maximum duration of an indemnification agreement is 25 years. An indemnification agreement is subject to any other restrictions provided by this section or other law.

Subd. 4. [FUNDING.] (a) Revenues derived from tax increments and any other money available to the authority may be deposited in the guaranty fund. The municipality may appropriate money to the authority to be deposited in the guaranty fund.

(b) If a guaranty fund is established that applies to property located in more than one tax increment financing district or subdistrict, the authority shall establish separate accounts for each subdistrict and district. The authority shall deposit all revenues derived from tax increments from a subdistrict or district in the account for that subdistrict or district, except the following amounts may be deposited in a general or other account: (1) the portion of revenue derived increments from a district, subject to section 469.1763, that may be spent on activities outside of the district, or (2) up to 25 percent of the revenues derived from increments from districts that are not subject to section 469.1763 and which may be deposited in the guaranty fund under the applicable tax increment financing plans. Investment earnings of money in an account must be credited to that account.

(c) The only money which may be pledged to indemnify or hold harmless a person from liability are amounts either in the account for the subdistrict or district in which the property out of which the liability arose is located or in an account not dedicated to a specific subdistrict or district.

Subd. 5. [LIABILITY LIMITED.] The authority and municipality is liable under a guaranty fund agreement only to the extent funds are available in the guaranty fund account or accounts available for the property.

Subd. 6. [DEPOSITORY.] The authority shall provide for the guaranty fund to be held by or maintained with a financial institution or corporate fiduciary eligible for the deposit of public money or eligible to act as a trustee or fiduciary for obligations issued under chapter 475.

Subd. 7. [FINAL DISPOSITION OF FUNDS.] At the end of the period of the indemnification, all unencumbered money in the guaranty fund for the subdistrict or district must be treated as an excess increment and distributed under the provisions of section 469.176, subdivision 2, paragraph (a), clause (4). If the municipality contributed money to the account, other than revenues derived from increments, the authority may deduct and pay to the municipality a proportionate share of the unencumbered money in the account before the money is distributed as an excess increment. The proportionate share is determined based on the amount of contributions of nonincrements to the account relative to total contributions, including increments, to the account.

Sec. 16. [469.1766] [DEVELOPER PAYMENTS.]

If the development agreement, other agreement, or arrangement provides for the developer to repay all or part of the assistance provided that was financed, directly or indirectly, with revenues derived from tax increments, the developer payments are subject to the restrictions imposed by law on revenues derived from tax increments and may only be spent for the purposes for which increments may be spent. A developer includes any beneficiary of assistance financed with revenues derived from tax increments.

Assistance includes sales 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 connections, roads, or other similar assistance that otherwise would have been paid in whole or part by the beneficiary.

Sec. 17. Minnesota Statutes 1992, section 469.177, subdivision 1, is amended to read:

Subdivision 1. [ORIGINAL NET TAX CAPACITY.] (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4.

(b) In the case of a mined underground space development district the county auditor shall certify the original net tax capacity as zero, plus the net tax capacity, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04.

(c) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its

use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(d) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement or as a result of tax forfeiture, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(e) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the net tax capacity of a property increases because the property no longer qualifies under the Minnesota agricultural property tax law, section 273.111; the Minnesota open space property tax law, section 273.112; or the metropolitan agricultural preserves act, chapter 473H, or because platted, unimproved property is improved or three years pass after approval of the plat under section 273.11, subdivision 1, the increase in net tax capacity must be added to the original net tax capacity.

(f) Each year the auditor shall also add to the original net tax capacity of each economic development district an amount equal to the original net tax capacity for the preceding year multiplied by the average percentage increase in the market value of all property included in the economic development district during the five years prior to certification of the district.

(g) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(h) If a parcel of property contained a substandard building that was demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building was demolished or removed, but applying the class rates for the current year.

Sec. 18. Minnesota Statutes 1992, section 469.177, subdivision 8, is amended to read:

Subd. 8. [ASSESSMENT AGREEMENTS.] An authority may enter into a written assessment agreement with any person establishing a minimum market value of land, existing improvements, or improvements to be constructed in a district, if the property is owned or will be owned by the person. The minimum market value established by an assessment agreement may be fixed, or increase or decrease in later years from the initial minimum market value. If an agreement is fully executed before July 1 of an assessment year, the market value as provided under the agreement must be used by the county or local assessor as the taxable market value of the property for that assessment. Agreements executed on or after July 1 of an assessment year become effective for assessment purposes in the following assessment year. An assessment agreement terminates on the earliest of the date on which conditions in the assessment agreement for termination are satisfied, the termination date specified in the agreement, or the date when tax increment is no longer paid to the authority under section 469.176, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district and the property that is the subject of the agreement is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value

previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon the agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property, certifies that the market values assigned to the land and improvements are reasonable.

The assessment agreement shall be filed for record and recorded in the office of the county recorder or the registrar of titles of each county where the real estate or any part thereof is situated. After the agreement becomes effective for assessment purposes, the assessor shall value the property under section 273.11, except that the market value assigned shall not be less than the minimum market value established by the assessment agreement. The assessor may assign a market value to the property in excess of the minimum market value established by the assessment agreement. The owner of the property may seek, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes, but no city assessor, county assessor, county auditor, board of review, board of equalization, commissioner of revenue, or court of this state shall grant a reduction of the market value below the minimum market value established by the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction, or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording an assessment agreement constitutes notice of the agreement to anyone who acquires any interest in the land or improvements that is subject to the assessment agreement, and the agreement is binding upon them.

An assessment agreement may be modified or terminated by mutual consent of the current parties to the agreement. Modification or termination of an assessment agreement must be approved by the governing body of the municipality. If the estimated market value for the property for the most recently available assessment is less than the minimum market value established by the assessment agreement for that or any later year and if bond counsel does not conclude that termination of the agreement is necessary to preserve the tax exempt status of outstanding bonds or refunding bonds to be issued, the modification or termination of the assessment agreement also must be approved by the governing bodies of the county and the school district. A document modifying or terminating an agreement, including records of the municipality, county, and school district approval, must be filed for record. The assessor's review and certification is not required if the document terminates an agreement. A change to an agreement not fully executed before July 1 of an assessment year is not effective for assessment purposes for that assessment year. If an assessment agreement has been modified or prematurely terminated, a person may seek a reduction in market value or tax through the exercise of any administrative or legal remedy. The remedy may not provide for reduction of the market value below the minimum provided under a modified assessment agreement that remains in effect. In no event may a reduction be sought for a year other than the current taxes payable year.

Sec. 19. Minnesota Statutes 1992, section 469.1831, subdivision 4, is amended to read:

Subd. 4. [PROGRAM MONEY; DISTRIBUTION AND RESTRICTIONS.] (a) Neighborhood revitalization program money may only be expended in accordance with the program for a purpose listed in subdivision 3 or this subdivision. Program money may not be used in those project areas of the city where the city determines that private investment will be sufficient to provide for development and redevelopment of the project area without public sector assistance, except in cases where program money is being used to remove or rehabilitate structurally substandard or obsolete buildings. Revenues derived from tax increments may only be expended for the purposes otherwise permitted by law, except that notwithstanding any law to the contrary, the city must pay at least the following amount of program money, including revenues derived from tax increments: (1) 15 percent to the school district, (2) 7.5 percent to the county, and (3) 7.5 percent for social services. Payment must be made to the county and school district within 15 days after the city receives the distribution of increment revenues, provided that the payment for calendar year 1990 may be made at any time during the year. Payment to the county for social services delivery shall be paid only after approval of program and spending plans under paragraph (b). Payment to the school district for education programs and services shall be paid only after approval of program and spending plans under paragraph (b).

(b) The money distributed to the county in a calendar year must be deducted from the county's levy limit for the following calendar year. In calculating the county's levy limit base for later years, the amount deducted must be treated as a local government aid payment.

The city must notify the commissioner of education of the amount of the payment made to the school district for the year. The commissioner shall deduct from the school district's state education aid payments one-half of the amount received by the school district.

The program money paid to the school district must be expended for additional education programs and services in accordance with the program. The amounts expended by the school district may not replace existing services.

The money for social services must be paid to the county for the cost of the provision of social services under the plan, as approved by the policy board and the county board.

(c) The city must expend on housing programs and related purposes as provided by the program at least 75 percent of the program money, after deducting the payments to the school district and county.

(d) Notwithstanding any other provisions of law to the contrary, for a city of the first class qualifying under section 469.1781, paragraph (a), program money and money described in Laws 1990, chapter 604, article 7, section 29, as amended, may be expended anywhere within the city by the authority for a purpose permitted by this section for any political subdivision without compliance with section 469.175, subdivision 4, and such money shall be deemed to be expended for a purpose that is a permitted project under section 469.176 and for a purpose that is permitted under section 469.176 for the district from which the increment was received.

Sec. 20. [MINNETONKA; SOILS DISTRICT.]

Subdivision 1. [AUTHORITY.] The city of Minnetonka may create a soils condition tax increment financing district with or without a hazardous substance subdistrict, covering all or any portion of the following described property in the city of Minnetonka, county of Hennepin, state of Minnesota:

All that part of the east half of the northeast quarter of section 14, township 117 north, range 22 west, lying north of the Great Northern Railway right-of-way;

The east half of the southeast quarter of section 11, township 117 north, range 22 west; and

Lots 1, 2, 3, 4, 5, and 10, Block 1, and Lots 1, 2, 3, and 8, Block 2, Golden Acres Addition.

This district and a subdistrict may be created under Minnesota Statutes, section 469.175, if the governing body of the city finds, by resolution, that establishment of the district and a subdistrict will facilitate environmental response and provide for the settlement of pending litigation. Except as otherwise provided in this section, the provisions of Minnesota Statutes, sections 469.174 to 469.179, apply to the district and a subdistrict. The city may issue bonds or other obligations payable, in whole or in part, from increment derived from the district and a subdistrict. The request for certification of the district and a subdistrict must be filed with the county auditor before December 1, 1995. The city may defer receipt of the first increment from the district or from a subdistrict for up to three years following certification. Minnesota Statutes, sections 469.174, subdivisions 7, paragraph (c), and 19, clause (a)(3); and 469.176, subdivisions 1, paragraph (d), 4b, 4e, 6, and 7, do not apply to this district and subdistrict. Nothing in this section affects the liability of persons for costs or damages associated with the release of hazardous substances, the city's right to pursue responsible parties or reimbursement under applicable insurance contracts, or the city's liability under Minnesota Statutes, section 115B.04, subdivision 4. The powers granted are in addition to other powers of the city.

Subd. 2. [QUALIFICATION RULES.] Before creating a district or subdistrict under this section, the governing body of the city of Minnetonka must find (i) that the response costs related to the district and subdistrict and deposits to the indemnification fund or premiums for the purchase of private environmental insurance necessary to develop the site exceed the estimated fair market value of the land in the district and subdistrict after completion of all necessary response activities and provision of indemnification under the plan and (ii) that independent of the environmental response costs, that the cost of correcting the unusual terrain and soil conditions materially impairs the ability of the owner to develop, sell, or finance all or any significant portion of the district. This finding is in addition to the findings required under Minnesota Statutes, section 469.174, subdivision 19, paragraph (a), clauses (1) and (2), in the case of the district, and the findings required under Minnesota Statutes, section 469.174, subdivision 7, in the case of the subdistrict.

Subd. 3. [LIMITS ON SPENDING INCREMENTS; POOLING RULES.] (a) The provisions of Minnesota Statutes, section 469.1763, do not apply to the district and a subdistrict created under this section. Revenues derived from tax increments from the district and subdistrict may be spent only on:

(1) response costs related to the area contained in the district and subdistrict including the activities outside of the subdistrict or the district but within the project, to the extent necessary to prevent contaminants moving to or from the contaminated parcels;

(2) deposits to an indemnification fund or the purchase of environmental insurance, relating only to liability or additional response costs for contaminated parcels located in the district;

(3) the costs of correcting the unusual terrain or soil deficiencies and the additional costs of installing public improvements directly caused by the deficiencies (except increments derived from reducing original tax capacity under Minnesota Statutes, section 469.174, subdivision 7, paragraph (b), may not be used for this purpose); and

(4) administrative expenses and costs permitted under Minnesota Statutes, section 469.176, subdivisions 3 and 4h, including costs of review and approval of development response actions plans by the commissioner of the pollution control agency and litigation expenses of the attorney general, if any.

(b) After sufficient revenues derived from tax increments have been received to pay all remediation costs, deposits to an indemnification fund or insurance premiums, and administrative and other qualifying costs, the district and subdistrict must be decertified. Minnesota Statutes, section 469.176, subdivision 1, paragraphs (e) and (g), apply to the district and subdistrict, except to the extent limited by this section.

Subd. 4. [DEFINITION.] For purposes of this section, "response" means activity constituting "respond" or "response" as those terms are defined in Minnesota Statutes, section 115B.02. Response costs include activities, including installation of public infrastructure, necessary to respond.

Subd. 5. [STATE AID REDUCTION.] (a) The state aid reductions under Minnesota Statutes, section 273.1399, do not apply to the district or a subdistrict established under this section, if the city elects to pay and pays 25 percent of the response costs and deposits to the indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted city money (other than tax increments). The city must elect this option at the time of certification of the district and must notify the commissioner of revenue of its election. The election is irrevocable.

(b) If the city does not elect to pay for a portion of the cost as provided by paragraph (a), the state aid reductions under Minnesota Statutes, section 273.1399, apply. The qualified captured net tax capacity of the district or subdistrict or both must be calculated under Minnesota Statutes 1992, section 273.1399, subdivision 1, paragraph (a), clause (3) under the "All Other Districts" column.

Sec. 21. [CITY OF HOPKINS; HAZARDOUS SUBSTANCE SUBDISTRICT.]

Subdivision 1. [AUTHORIZATION.] Pursuant to Minnesota Statutes, section 469.175, subdivision 7, the city of Hopkins or its housing and redevelopment authority may create one or more hazardous substance subdistricts within tax increment financing district No. 2-5, or within any new or existing tax increment financing district encompassing any parcels located within township 117N, range 22W, sections 25 and 26 in the area bounded on the north by CSAH No. 3; on the south by the Hennepin County Regional Railroad Authority right-of-way; on the west by the city of Hopkins/city of Minnetonka boundary; and on the east by the existing parcel occupied by the city of Hopkins Well No. 1 Building. The city or its housing and redevelopment authority may issue bonds or other obligations payable in whole or in part from increment derived from the subdistrict or district upon a finding by city resolution that establishment of the subdistrict will facilitate environmental remediation and further the objectives of the tax increment financing plan for the district. The request for certification of the subdistrict must be filed with the county auditor before December 1, 1995. The city may defer receipt of the first increment from a subdistrict for up to three years following certification. Minnesota Statutes, sections 469.174, subdivisions 7, paragraph (c), and 16; and 469.176, subdivisions 1, paragraphs (d) and (g), 4e, 6, and 7, do not apply to the subdistrict.

Subd. 2. [PRESERVATION OF RIGHTS.] Nothing in this section affects the liability of persons for costs or damages associated with the release of hazardous substances, or the city's right to pursue responsible parties or to secure reimbursement under applicable insurance contracts, or the city's liability under Minnesota Statutes, section 115B.04, subdivision 4. The powers granted are in addition to other powers of the city.

Subd. 3. [QUALIFICATION RULES.] Before creation of a subdistrict under subdivision 1, the city of Hopkins shall determine that the existence of pollution or contamination of parcels within the subdistrict materially impairs the ability of the owners of the parcels to develop, sell, lease, or finance all or any portion of the parcels. For purposes of determining the original net tax capacity of the subdistrict under Minnesota Statutes, section 469.174, subdivision 7, paragraph (b), the requirement that the authority enter into a redevelopment or other agreement or have in place a response action plan before reduction of the original tax capacity does not apply. The amount of the estimated costs of the removal or remedial actions may be based on reasonable estimates prepared for the city.

In addition, the city shall, following review by the pollution control agency, prepare and adopt a report which delineates the maximum amount of money to be reserved for eligible expenditures.

Subd. 4. [ELIGIBLE EXPENDITURES.] Revenue derived from tax increments from the subdistrict may be spent only on:

(1) costs of investigating and remediating the pollution or contamination in the area contained in the subdistrict, including activities outside of the subdistrict to the extent necessary to prevent pollutants or contaminants moving to or from the subdistrict;

(2) deposits to an indemnification fund to be used to indemnify existing or future owners, purchasers, lessees, or mortgagees of any parcel in the subdistrict against environmental liability and costs associated with the investigation and remediation of pollution or contamination in the subdistrict, or the purchase of environmental insurance relating only to liability or remediation costs for parcels located in the subdistrict;

(3) administrative expenses and costs, including those permitted under Minnesota Statutes, section 469.176, subdivision 4h, and costs of preparation, review, and approval of any response action plan or partial response action plan by the pollution control agency; and

(4) costs of actions, including litigation, to recover investigation and remediation costs incident to the subdistrict from responsible persons.

Subd. 5. [DECERTIFICATION.] After sufficient revenues derived from tax increments have been received to pay all investigation and remediation costs, deposits to an indemnification fund, insurance premiums, and administrative and other qualifying costs, and in all events not more than 20 years from the date of receipt by the city of the first tax increment from the subdistrict, the subdistrict must be decertified.

Subd. 6. [REDISTRIBUTION.] When the city has received sufficient tax increment funds to pay all eligible expenditures, any funds received must be applied by the city in the manner of excess tax increments under Minnesota Statutes, section 469.176, subdivision 2, and the Hennepin county auditor shall increase the original net tax capacity of the parcels in the subdistrict to the original net tax capacity that would prevail had no reduction been made.

Subd. 7. [DEFINITIONS.] For purposes of this section, "remediation" means activity constituting removal, remedy, remedial action, or response as those terms are defined in Minnesota Statutes, section 115B.02, including activities to develop and implement a response action plan approved by the pollution control agency under Minnesota Statutes, section 115B.17, subdivision 14, or a partial response action plan approved by the pollution control agency under Minnesota Statutes, section 115B.175. Remediation costs include activities necessary to accomplish remediation, including installation of public infrastructure.

Subd. 8. [STATE AID REDUCTION.] The state aid reductions under Minnesota Statutes, section 273.1399, do not apply to a subdistrict established under this section, if the city elects to pay and pays 25 percent of the response costs and deposits to the indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted city money (other than tax increments). The city must elect this option at the time of certification of the district and must notify the commissioner of revenue of its election. The election is irrevocable.

Sec. 22. [INVER GROVE HEIGHTS.]

Subdivision 1. [EXTENSION OF TAX INCREMENT FINANCING DISTRICT.] Tax increment financing district No. 3-2, established by the city of Inver Grove Heights on April 30, 1992, under Laws 1990, chapter 604, article 7, section 30, subdivision 2, continues in effect until the earlier of (1) May 1, 2004, or (2) when all costs provided for in the tax increment financing plan relating to the district have been paid. In no event may the city receive more than eight years of tax increments for the district and all tax increments received after May 1, 2002, in excess of the amount of local government aid lost by the city under Minnesota Statutes, section 273.1399, as a result of such tax increments, shall be used only to pay or reimburse capital costs of public road and bridge improvements.

Subd. 2. [BOND AUTHORIZATION.] If the city of Inver Grove Heights, the Minnesota department of transportation, and Dakota county agree to the planning, design, construction, and reconstruction of state, county, and city highway, street, and bridge improvements that serve, among other areas, the area of tax increment financing district No. 3-2, the city council may, by resolution, authorize, sell, and issue general obligation bonds of the city in a principal amount not to exceed \$4,000,000 to finance part of the cost of the improvements to be paid for by the state

under the agreement. The city shall issue the bonds only if and to the extent it estimates they are necessary to pay costs of the improvements coming due for which state funds are not immediately available but will be received by the city under the agreement. The city shall pledge the state money to the payment of the bonds and after it receives the money shall pay the bonds as soon as practicable. The bonds shall be issued and secured under Minnesota Statutes, chapter 475, except no election is required to authorize their issuance.

Sec. 23. [CITY OF MANKATO; DURATION OF TAX INCREMENT FINANCING DISTRICT.]

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1, the duration of the key city redevelopment project tax increment financing district, district AA1, located within the city of Mankato, may be extended by the authority to August 1, 2009. Any increment received during the period of extended duration may only be utilized for payment of or to secure payment of debt service on bonds issued after April 1, 1993, and before January 1, 1994, or bonds issued to refund those bonds.

Sec. 24. [EFFECTIVE DATE.]

Sections 1, 4, 9, 11, 13, 15, and 16 are effective for districts and subdistricts for which requests for certification are made after August 1, 1993.

Section 2 is effective for applications filed after the day of final enactment.

Sections 6, 7, 8, and 10, subdivision 1b, clauses (4) and (5), 12, and 14 are effective for districts for which the request for certification is made after May 31, 1993.

Section 10, except subdivision 1b, clauses (4) and (5), is effective for districts for which the requests for certification were made after July 31, 1979.

Sections 17 and 18 are effective July 1, 1993, and apply to all districts, regardless of when the request for certification was made, including districts for which the request for certification was made before August 1, 1979. Section 18 applies only to modifications of assessment agreements made after August 1, 1993.

Section 19 is effective upon compliance by the city of Minneapolis with Minnesota Statutes, section 645.021, subdivision 3.

Section 20 is effective upon compliance by the city of Minnetonka with Minnesota Statutes, section 645.021, subdivision 3.

Section 21 is effective upon compliance by the city of Hopkins with Minnesota Statutes, section 645.021, subdivision 3.

Section 22 is effective the day following final enactment without the approval of any local government.

Section 23 is effective upon compliance by the city of Mankato with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 15

LOCAL GOVERNMENT EFFICIENCY AND COOPERATION

Section 1. [465.795] [DEFINITIONS.]

Subdivision 1. [AGENCY.] "Agency" means a department, agency, board, or other instrumentality of state government that has jurisdiction over an administrative rule or law from which a waiver is sought under section 3. If no specific agency has jurisdiction over such a law, "agency" refers to the attorney general.

Subd. 2. [BOARD.] "Board" means the board of government innovation and cooperation established by section 2.

Subd. 3. [COUNCIL.] "Council" or "metropolitan council" means the metropolitan council established by section 473.123.

Subd. 4. [LOCAL GOVERNMENT UNIT.] "Local government unit" means a county, home rule charter or statutory city, school district, town, or special taxing district, except for purposes of sections 465.81 to 465.87.

Subd. 5. [METROPOLITAN AGENCY.] "Metropolitan agency" has the meaning given in section 473.121, subdivision 5a.

Subd. 6. [METROPOLITAN AREA.] "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

Subd. 7. [SCOPE.] As used in sections 1 to 5 and sections 465.80 to 465.87, the terms defined in this section have the meanings given them.

Sec. 2. [465.796] [BOARD OF GOVERNMENT INNOVATION AND COOPERATION.]

Subdivision 1. [MEMBERSHIP.] The board of government innovation and cooperation consists of three members of the senate appointed by the subcommittee on committees of the senate committee on rules and administration, three members of the house of representatives appointed by the speaker of the house, two administrative law judges appointed by the chief administrative law judge, the commissioner of finance, the commissioner of administration, and the state auditor. The commissioners of finance and administration and the state auditor may each designate one staff member to serve in the commissioner's or auditor's place. The members of the senate and house of representatives serve as nonvoting members.

Subd. 2. [DUTIES OF BOARD.] The board shall:

(1) accept applications from local government units for waivers of administrative rules and temporary, limited exemptions from enforcement of procedural requirements in state law as provided in section 3, and determine whether to approve, modify, or reject the application;

(2) accept applications for grants to local government units and related organizations proposing to design models or plans for innovative service delivery and management as provided in section 4 and determine whether to approve, modify, or reject the application;

(3) accept applications from local government units for financial assistance to enable them to plan for cooperative efforts as provided in section 5, and determine whether to approve, modify, or reject the application;

(4) accept applications from eligible local government units for service-sharing grants as provided in section 465.80, and determine whether to approve, modify, or reject the application;

(5) accept applications from counties, cities, and towns proposing to combine under sections 465.81 to 465.87, and determine whether to approve or disapprove the application; and

(6) make recommendations to the legislature regarding the elimination of state mandates that inhibit local government efficiency, innovation, and cooperation.

The board may purchase services from the metropolitan council in reviewing requests for waivers and grant applications.

Subd. 3. [STAFF.] The board may hire staff or consultants as necessary to perform its duties.

Sec. 3. [465.797] [RULE AND LAW WAIVER REQUESTS.]

Subdivision 1. [GENERALLY.] (a) Except as provided in paragraph (b), a local government unit may request the board of government innovation and cooperation to grant a waiver from one or more administrative rules or a temporary, limited exemption from enforcement of state procedural laws governing delivery of services by the local government unit. Two or more local government units may submit a joint application for a waiver or exemption under this section if they propose to cooperate in providing a service or program that is subject to the rule or law. Before submitting an application to the board, the governing body of the local government unit must approve the waiver or exemption request by resolution at a meeting required to be public under section 471.705.

(b) A school district that is granted a variance from rules of the state board of education under section 121.11, subdivision 12, need not apply to the board for a waiver of those rules under this section. A school district may not

seek a waiver of rules under this section if the state board of education has authority to grant a variance to the rules under section 121.11, subdivision 12. This paragraph does not preclude a school district from being included in a cooperative effort with another local government unit under this section.

Subd. 2. [APPLICATION.] A local government unit requesting a waiver of a rule or exemption from enforcement of a law under this section shall present a written application to the board. The application must include:

- (1) identification of the service or program at issue;
- (2) identification of the administrative rule or the law imposing a procedural requirement with respect to which the waiver or exemption is sought;
- (3) a description of the improved service outcome sought, including an explanation of the effect of the waiver or exemption in accomplishing that outcome;
- (4) a description of the means by which the attainment of the outcome will be measured; and
- (5) if the waiver or exemption is proposed by a single local government unit, a description of the consideration given to intergovernmental cooperation in providing this service, and an explanation of why the local government unit has elected to proceed independently.

A copy of the application must be provided by the requesting local government unit to the exclusive representative of its employees as certified under section 179A.12.

Subd. 3. [REVIEW PROCESS.] Upon receipt of an application from a local government unit, the board shall review the application. The board shall dismiss or request modification of an application within 60 days of its receipt if it finds that (1) the application does not meet the requirements of subdivision 2, or (2) the application should not be granted because it clearly proposes a waiver of rules or exemption from enforcement of laws that would result in due process violations, violations of federal law or the state or federal constitution, or the loss of services to people who are entitled to them. If the application is submitted by a local government unit in the metropolitan area or the unit requests a waiver of a rule or temporary, limited exemptions from enforcement of a procedural law over which the metropolitan council or a metropolitan agency has jurisdiction, the board shall also transmit a copy of the application to the council for review and comment. The council shall report its comments to the board within 60 days of the date the application was transmitted to the council. The council may point out any resources or technical assistance it may be able to provide a local government submitting a request under this section. If it does not dismiss the application, the board shall transmit a copy of it to the commissioner of each agency having jurisdiction over a rule or law from which a waiver or exemption is sought. The agency may mail a notice that it has received an application for a waiver or exemption to all persons who have registered with the agency under section 14.14, subdivision 1a, identifying the rule or law from which a waiver or exemption is requested. If no agency has jurisdiction over the rule or law, the board shall transmit a copy of the application to the attorney general. If the commissioner of finance, the commissioner of administration, or the state auditor has jurisdiction over the rule or law, the chief administrative law judge shall appoint a second administrative law judge to serve as a member of the board in the place of that official for purposes of determining whether to grant the waiver or exemption. The agency shall inform the board of its agreement with or objection to and grounds for objection to the waiver or exemption request within 60 days of the date when the application was transmitted to it. Interested persons may submit written comments to the board on the waiver or exemption request within 60 days of the board's receipt of the application. If the agency fails to inform the board of its conclusion with respect to the application within 60 days of its receipt, the agency is deemed to have agreed to the waiver or exemption. If the exclusive representative of the employees of the requesting local government unit objects to the waiver or exemption request it may inform the board of the objection to and the grounds for the objection to the waiver or exemption request within 60 days of the receipt of the application.

Subd. 4. [HEARING.] If the agency or the exclusive representative does not agree with the waiver or exemption request, the board shall set a date for a hearing on the application, which may be no earlier than 90 days after the date when the application was transmitted to the agency. The hearing must be conducted informally at a meeting of the board. Persons representing the local government unit shall present their case for the waiver or exemption, and persons representing the agency shall explain the agency's objection to it. Members of the board may request additional information from either party. The board may also request, either before or at the hearing, information or comments from representatives of business, labor, local governments, state agencies, consultants, and members of the public. If necessary, the hearing may be continued at a subsequent board meeting. A waiver or exemption must be granted by a vote of a majority of the board members. The board may modify the terms of the waiver or exemption request in arriving at the agreement required under subdivision 5.

Subd. 5. [CONDITIONS OF AGREEMENTS.] If the board grants a request for a waiver or exemption, the board and the local government unit shall enter into an agreement providing for the delivery of the service or program that is the subject of the application. The agreement must specify desired outcomes and the means of measurement by which the board will determine whether the outcomes specified in the agreement have been met. The agreement must specify the duration of the waiver or exemption, which may be for no less than two years and no more than four years, subject to renewal if both parties agree. A waiver of a rule under this section has the effect of a variance granted by an agency under section 14.05, subdivision 4. A local unit of government that is granted an exemption from enforcement of a procedural requirement in state law under this section is exempt from that law for the duration of the exemption. The board may require periodic reports from the local government unit, or conduct investigations of the service or program.

Subd. 6. [ENFORCEMENT.] If the board finds that the local government unit is failing to comply with the terms of the agreement under subdivision 5, it may rescind the agreement. Upon the rescision, the local unit of government becomes subject to the rules and laws covered by the agreement.

Subd. 7. [ACCESS TO DATA.] If a local government unit, through a cooperative program under this section, gains access to data collected, created, received, or maintained by another local government that is classified as not public, the unit gaining access is governed by the same restrictions on access to and use of the data as the unit that collected, created, received, or maintained the data.

Sec. 4. [465.798] [SERVICE BUDGET MANAGEMENT MODEL GRANTS.]

One or more local units of governments, an association of local governments, the metropolitan council, or an organization acting in conjunction with a local unit of government may apply to the board of government innovation and management for a grant to be used to develop models for innovative service budget management. Proposed models may provide options to local governments, neighborhood or community organizations, or individuals for managing budgets for service delivery. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds that the model was not completed or implemented according to the terms of the grant agreement, it may require the grantee to repay all or a portion of the grant. The amount of a grant under this section shall not exceed \$50,000.

Sec. 5. [465.799] [COOPERATION PLANNING GRANTS.]

Two or more local government units may apply to the board of government innovation and cooperation for a grant to be used to develop a plan for intergovernmental cooperation in providing services. The grant application must include the following information:

- (1) the identity of the local government units proposing to enter into the planning process;
- (2) a description of the services to be studied and the outcomes sought from the cooperative venture; and
- (3) a description of the proposed planning process, including an estimate of its costs, identification of the individuals or entities who will participate in the planning process, and an explanation of the need for a grant to the extent that the cost cannot be paid out of the existing resources of the local government unit.

The plan may include model contracts or agreements to be used to implement the plan. A copy of the work product for which the grant was provided must be furnished to the board upon completion. If the board finds that the grantee has failed to implement the plan, it may require the grantee to repay all or a portion of the grant. The amount of a grant under this section shall not exceed \$50,000.

Sec. 6. Minnesota Statutes 1992, section 465.80, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] This section establishes a program for grants to ~~cities, counties, and towns~~ local government units to enable them to meet the start-up costs of providing shared services or functions.

Sec. 7. Minnesota Statutes 1992, section 465.80, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Any ~~home-rule charter or statutory city, county, or town~~ local government unit that provides a plan for offering a governmental service under a joint powers agreement with another ~~city, county, or town~~

local government unit, or with an agency of state government, is eligible for a grant under this section, and is referred to in this section as an "eligible local government unit."

Sec. 8. Minnesota Statutes 1992, section 465.80, subdivision 4, is amended to read:

Subd. 4. [~~SUBMISSION OF PLAN TO DEPARTMENT BOARD.~~] The plan must be submitted to the department of trade and economic development board of government innovation and cooperation. A copy of the plan must also be provided by the requesting local government units to the exclusive representatives of the employees as certified under section 179A.12. The ~~commissioner of trade and economic development board~~ will approve a plan only if it contains the elements set forth in subdivision 3, with sufficient information to verify the assertions under clauses (2) and (3). The ~~commissioner board~~ may request modifications of a plan. If the ~~commissioner board~~ rejects a plan, written reasons for the rejection must be provided, and a governmental unit may modify the plan and resubmit it.

Sec. 9. Minnesota Statutes 1992, section 465.80, subdivision 5, is amended to read:

Subd. 5. [GRANTS.] The amount of each grant shall be equal to the additional start-up costs for which evidence is presented under subdivision 3, clause (3). Only one grant will be given to a local government unit for any function or service it proposes to combine with another government unit, but a unit may apply for separate grants for different services or functions it proposes to combine. If the amount of money available for making the grants is not sufficient to fully fund the grants to eligible local government units with approved plans, the ~~commissioner board~~ shall award grants on the basis of each qualified applicant's score under a scoring system to be devised by the ~~commissioner board~~ to measure the relative needs for the grants and the ratio of costs to benefits for each proposal.

Sec. 10. Minnesota Statutes 1992, section 465.81, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in sections 465.81 to 465.87, the words defined in this subdivision have the meanings given them in this subdivision.

"Board" means the board of government innovation and cooperation.

"City" means home rule charter or statutory cities.

~~"Commissioner" means the commissioner of trade and economic development.~~

~~"Department" means the department of trade and economic development.~~

"Governing body" means, in the case of a county, the county board; in the case of a city, the city council; and, in the case of a town, the town board.

"Local government unit" or "unit" includes counties, cities, and towns.

Sec. 11. Minnesota Statutes 1992, section 465.82, subdivision 1, is amended to read:

Subdivision 1. [ADOPTION AND STATE AGENCY REVIEW.] Each governing body that proposes to combine under sections 465.81 to 465.87 must adopt by resolution a plan for cooperation and combination. The plan must address each item in this section. The plan must be specific for any item that will occur within three years and may be general or set forth alternative proposals for an item that will occur more than three years in the future. The plan must be submitted to the ~~department of trade and economic development board of government innovation and cooperation~~ for review and comment. For a metropolitan area local government unit, the plan must also be submitted to the metropolitan council for review and comment. The council may point out any resources or technical assistance it may be able to provide a governing body submitting a plan under this subdivision. Significant modifications and specific resolutions of items must be submitted to the ~~department board and council~~, if appropriate, for review and comment. In the official newspaper of each local government unit proposed for combination, the governing body must publish at least a summary of the adopted plans, each significant modification and resolution of items, and the results of each ~~department board and council~~, if appropriate, review and comment.

Sec. 12. Minnesota Statutes 1992, section 465.83, is amended to read:

465.83 [STATE AGENCY APPROVAL.]

Before scheduling a referendum on the question of combining local government units under section 465.84, the units shall submit the plan adopted under section 465.82 to the ~~commissioner board~~. Metropolitan area units shall also

submit the plan to the metropolitan council for review and comment. The commissioner board may require any information it deems necessary to evaluate the plan. The commissioner board shall disapprove the proposed combination if the commissioner it finds that the plan is not reasonably likely to enable the combined unit to provide services in a more efficient or less costly manner than the separate units would provide them, or if the plans or plan modification are incomplete. If the combination of local government units is approved by the board under this section, the local units are not required to proceed under chapter 414 to accomplish the combination.

Sec. 13. Minnesota Statutes 1992, section 465.87, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A local government unit is eligible for aid under this section if the commissioner board has approved its plan to cooperate and combine under section 465.83.

Sec. 14. Minnesota Statutes 1992, section 465.87, is amended by adding a subdivision to read:

Subd. 1a. [ADDITIONAL ELIGIBILITY.] A local government unit is eligible for aid under this section if it has combined with another unit of government in accordance with chapter 414 and a copy of the municipal board's order combining the two units of government is forwarded to the board.

Sec. 15. [APPROPRIATION.]

\$1,200,000 is appropriated from the local government trust fund to the board of government innovation and cooperation for the purpose of making grants under this article, including grants made under Minnesota Statutes, section 465.80, and aid paid under Minnesota Statutes, section 465.87.

ARTICLE 16

TACONITE TAX

Section 1. Minnesota Statutes 1992, section 298.227, is amended to read:

298.227 [TACONITE ECONOMIC DEVELOPMENT FUND.]

An amount equal to ~~10.4 cents per taxable ton~~ that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, ~~for production years 1992 and 1993~~ shall be held by the iron range resources and rehabilitation board in a separate taconite economic development fund for each taconite producer. Money from the fund for each producer shall be released only on the written authorization of a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The district 33 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. Each producer's joint committee may authorize release of the funds held pursuant to this section only for acquisition of equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology. Funds may be released only upon a majority vote of the representatives of the committee. Any portion of the fund which is not released by a joint committee within two years of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. This section is effective for taxes payable in 1993 and 1994.

Sec. 2. Minnesota Statutes 1992, section 298.28, subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] (a) 27.5 cents per taxable ton plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c).

(b) 5.5 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 22 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts in which the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values that is less than the amount of its levy reduction under section 124.918, subdivision 8, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by paragraph (c) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988, the increase over the amount established for 1987 shall be determined as if there had been an increase in the tax rate under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989, 1990, and 1991, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). In 1992 and 1993, the amount distributed per ton shall be the same as that determined for distribution in 1991. In 1994, the amount distributed per ton shall be equal to the amount per ton distributed in 1991 increased in the same proportion as the increase between the fourth quarter of 1988 ~~1989~~ and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. On July 15, 1995, and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. Each district shall receive the product of:

(i) \$175 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the sum of the amount certified pursuant to section 124A.03, subdivision 1g, in the previous year, plus the amount certified pursuant to section 124A.03, subdivision 1i, in the previous year, plus the referendum aid according to section 124A.03, subdivision 1h, for the current year, to the product of 1.8 percent times the district's taxable net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve \$25 times the number of pupil units in the district. It may use the money for early childhood programs or for outcome-based learning programs that enhance the academic quality of the district's curriculum. The outcome-based learning programs must be approved by the commissioner of education.

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

Sec. 3. Minnesota Statutes 1992, section 298.28, subdivision 7, is amended to read:

Subd. 7. [IRON RANGE RESOURCES AND REHABILITATION BOARD.] Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board for the purposes of section 298.22. The amount determined in this subdivision shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1, and shall be increased in 1989, 1990, and 1991 according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. In 1992 and 1993, the amount distributed per ton shall be the same as the amount distributed per ton in 1991. In 1994, the amount distributed shall be the distribution per ton for 1991 increased in the same proportion as the increase between the fourth quarter of ~~1988~~ 1989 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. That amount shall be increased in 1995 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed in 1988 shall be increased according to the increase that would have occurred in the rate of tax under section 298.24 if the rate had been adjusted according to the implicit price deflator for 1987 production. The amount distributed pursuant to this subdivision shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this subdivision may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

Sec. 4. Minnesota Statutes 1992, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. [TACONITE ECONOMIC DEVELOPMENT FUND.] (a) 10.4 cents per ton for distributions in 1993 and 15.4 cents per ton for distributions in 1994 shall be paid to the taconite economic development fund. No distribution shall be made under this ~~subdivision paragraph~~ in any year in which total industry production falls below 30 million tons.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 1/4 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed \$700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed \$700,000.

Sec. 5. Minnesota Statutes 1992, section 298.28, subdivision 10, is amended to read:

Subd. 10. [INCREASE.] The amounts determined under subdivisions 6, paragraph (a), and 9 shall be increased in 1979 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. The amount distributed in 1988 shall be increased according to the increase that would have occurred in the rate of tax under section 298.24 if the rate had been adjusted according to the implicit price deflator for 1987 production. Those amounts shall be increased in 1989, 1990, and 1991 in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. In 1992 and 1993, the amounts determined under subdivisions 6, paragraph (a), and 9, shall be the distribution per ton determined for distribution in 1991. In 1994, the amounts determined under subdivisions 6, paragraph (a), and 9, shall be the distribution per ton determined for distribution in 1991 increased in the same proportion as the increase between the fourth quarter of ~~1988~~ 1989 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. Those amounts shall be increased in 1995 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

The distributions per ton determined under subdivisions 5, paragraphs (b) and (d), and 6, paragraphs (b) and (c) for distribution in 1988 and subsequent years shall be the distribution per ton determined for distribution in 1987.

Sec. 6. [EFFECTIVE DATE.]

Section 4 is effective for production years beginning after December 31, 1992.

ARTICLE 17

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 16A.15, subdivision 6, as amended by Laws 1993, chapter 192, section 60, if enacted, is amended to read:

Subd. 6. [BUDGET RESERVE AND CASH FLOW ACCOUNT ESTABLISHED.] (a) A budget reserve and cash flow account is created in the general fund in the state treasury. The commissioner of finance shall restrict part or all of

the balance before reserves in the general fund as may be necessary to fund the budget reserve and cash flow account as provided by law from time to time.

(b) The commissioner of finance shall transfer the amount necessary to bring the total amount of the budget reserve and cash flow account, including any existing balance in the account on June 30, 1993, to \$360,000,000. The amounts restricted shall remain in the account until drawn down under subdivision 1 or increased under section 16A.1541.

Sec. 2. Minnesota Statutes 1992, section 16A.1541, as amended by Laws 1993, chapter 192, section 63, if enacted, is amended to read:

16A.1541 [ADDITIONAL REVENUES; PRIORITY.]

If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the budget reserve and cash flow account until the total amount in the account equals five percent of total general fund appropriations for the current biennium as established by the most recent legislative session. Beginning in ~~November 1990~~ July 1, 1993, forecast unrestricted budgetary general fund balances are first appropriated to restore the budget reserve and cash flow account to ~~\$550,000,000~~ \$500,000,000 and then to reduce the property tax levy recognition percent under section 121.904, subdivision 4a, to ~~27 percent~~ zero before money is allocated to the budget reserve and cash flow account under the preceding sentence.

The amounts necessary to meet the requirements of this section are appropriated from the general fund.

Sec. 3. Minnesota Statutes 1992, section 97A.061, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION.] (a) Except as provided in subdivision 3, the county treasurer shall allocate the payment among the county, towns, and school districts on the same basis as if the payments were taxes on the land received in the year. Payment of a town's or a school district's allocation must be made by the county treasurer to the town or school district within 30 days of receipt of the payment to the county. The county's share of the payment shall be deposited in the county general revenue fund.

(b) The county treasurer of a county with a population over 39,000 but less than 42,000 in the 1950 federal census shall allocate the payment only among the towns and school districts on the same basis as if the payments were taxes on the lands received in the current year.

Sec. 4. Minnesota Statutes 1992, section 97A.061, subdivision 3, is amended to read:

Subd. 3. [GOOSE MANAGEMENT CROPLANDS.] (a) The commissioner shall make a payment on July 1 of each year from the game and fish fund, to each county where the state owns more than 1,000 acres of crop land, for wild goose management purposes. The payment shall be equal to the taxes assessed on comparable, privately owned, adjacent land. The county treasurer shall allocate and distribute the payment as provided in subdivision 2.

(b) The land used for goose management under this subdivision is exempt from taxation as provided in sections 272.01 and 273.19.

Sec. 5. Minnesota Statutes 1992, section 243.23, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] Notwithstanding sections 241.26, subdivision 5, and 243.24, subdivision 1, the commissioner may promulgate rules for the disbursement of funds earned under subdivision 1, or other funds in an inmate account, and section 243.88, subdivision 2, for the support of families and dependent relatives of the respective inmates, for the payment of court-ordered restitution, contribution to any programs established by law to aid victims of crime provided that the contribution shall not be more than 20 percent of an inmate's gross wages, for the payment of restitution to the commissioner ordered by prison disciplinary hearing officers for damage to property caused by an inmate's conduct, and for the discharge of any legal obligations arising out of litigation under this subdivision. The commissioner may authorize the payment of court-ordered restitution from an inmate's wages when the restitution was ordered by the court as a sanction for the conviction of an offense which is not the offense of commitment, including offenses which occurred prior to the offense for which the inmate was committed to the commissioner. An inmate of an adult correctional facility under the control of the commissioner is subject to actions for the enforcement of support obligations and reimbursement of any public assistance rendered the dependent family and relatives. The commissioner may conditionally release an inmate who is a party to an action under this

subdivision and provide for the inmate's detention in a local detention facility convenient to the place of the hearing when the inmate is not engaged in preparation and defense.

Sec. 6. Minnesota Statutes 1992, section 270.07, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL POWERS OF COMMISSIONER.] Notwithstanding any other provision of law the commissioner of revenue may,

(a) based upon the administrative costs of processing, determine minimum standards for the determination of additional tax for which an order shall be issued, and

(b) based upon collection costs as compared to the amount of tax involved, determine minimum standards of collection, and

(c) based upon the administrative costs of processing, determine the minimum amount of refunds for which an order shall be issued and refund made where no claim therefor has been filed, and

(d) cancel any amounts below these minimum standards determined under (a) and (b) hereof, and

(e) based upon the inability of a taxpayer to pay a delinquent tax liability, abate the liability if the taxpayer agrees to perform uncompensated public service work for a state agency, a political subdivision or public corporation of this state, or a nonprofit educational, medical, or social service agency. The department of corrections shall administer the work program. No benefits under chapter 176 or 268 shall be available, but a claim authorized under section 3.739 may be made by the taxpayer. The state may not enter into any agreement that has the purpose of or results in the displacement of public employees by a delinquent taxpayer under this section. The state must certify to the appropriate bargaining agent or employees, as applicable, that the work performed by a delinquent taxpayer will not result in the displacement of currently employed workers or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits. The program authorized under this paragraph terminates June 30, 1993 1998.

Sec. 7. Minnesota Statutes 1992, section 270.66, is amended by adding a subdivision to read:

Subd. 4. [POLITICAL SUBDIVISION DEBTS.] (a) As used in this subdivision, "political subdivision" means counties and home rule charter or statutory cities, and "debts" means a legal obligation to pay a fixed amount of money, which equals or exceeds \$100 and which is due and payable to the claimant political subdivision.

(b) If one political subdivision owes a debt to another political subdivision, and the debt has not been paid within six months of the date when payment was due, the creditor political subdivision may notify the commissioner of revenue of the debt, and shall provide the commissioner with information sufficient to verify the claim. If the commissioner has reason to believe that the claim is valid, and the debt has not been paid, the commissioner shall initiate setoff procedures under this subdivision.

(c) Within ten days of receipt of the notification from the creditor political subdivision, the commissioner shall send a written notice to the debtor political subdivision, advising it of the nature and amount of the claim. This written notice shall advise the debtor of the creditor political subdivision's intention to request setoff of the refund against the debt.

The notice will also advise the debtor that the debt can be setoff against a state aid payment, and will advise the debtor of the right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the commissioner of revenue, which request the commissioner must receive within 45 days of the mailing date of the notice.

(d) If the commissioner receives written notice of a debtor political subdivision's intention to contest at hearing the claim upon which the intended setoff is based, the commissioner shall initiate a hearing according to contested case procedures established in the state administrative procedure act not later than 30 days after receipt of the debtor's request for a hearing. The costs of the hearing shall be paid equally by the political subdivisions that are parties to the hearing. The office of administrative hearings shall separately bill each political subdivision for one-half of the costs.

(e) If the debtor political subdivision does not object to the claim, or does not prevail in an objection to the claim or at a hearing on the claim, the commissioner of revenue shall deduct the amount of the debt from the next payment

scheduled to be made to the debtor under section 273.1398 or chapter 477A. The commissioner shall remit the amount deducted to the claimant political subdivision.

Sec. 8. Minnesota Statutes 1992, section 270A.03, subdivision 7, is amended to read:

Subd. 7. [REFUND.] "Refund" means an individual income tax refund or political contribution refund, pursuant to chapter 290, or a property tax credit or refund, pursuant to chapter 290A.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, shall be treated as refunds.

In the case of a joint property tax refund payable to spouses under chapter 290A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total income determined under section 290A.03, subdivision 3. The commissioner shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, determine the amount of the refund belonging to that spouse and refund the amount to that spouse.

Sec. 9. Minnesota Statutes 1992, section 270A.10, is amended to read:

270A.10 [PRIORITY OF CLAIMS.]

If two or more debts, in a total amount exceeding the debtor's refund, are submitted for setoff, the priority of payment shall be as follows: First, any delinquent tax obligations of the debtor which are owed to the department shall be satisfied. Secondly, the refund shall be applied to debts for child support based on the order in time in which the commissioner received the debts. Thirdly, the refund shall be applied to payment of restitution obligations. Fourthly, the refund shall be applied to the remaining debts based on the order in time in which the commissioner received the debts.

Sec. 10. Minnesota Statutes 1992, section 270B.01, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA TAX LAWS.] For purposes of this chapter only, "Minnesota tax laws" means the taxes administered by or paid to the commissioner under chapters 289A (except taxes imposed under sections 298.01, 298.015, and 298.24), 290, 290A, 291, and 297A, and includes any laws for the assessment, collection, and enforcement of those taxes.

Sec. 11. Minnesota Statutes 1992, section 270B.14, subdivision 8, is amended to read:

Subd. 8. [EXCHANGE BETWEEN DEPARTMENTS OF LABOR AND INDUSTRY AND REVENUE.] ~~Notwithstanding any law to the contrary, The departments of labor and industry and revenue may exchange information on a reciprocal basis. Data that may be disclosed are limited to data used in determining whether a business is an employer or a contracting agent as follows:~~

- (1) data used in determining whether a business is an employer or a contracting agent;
- (2) taxpayer identity information relating to employers for purposes of supporting tax administration and chapter 176; and
- (3) data to the extent provided in and for the purpose set out in section 176.181, subdivision 8.

Sec. 12. Minnesota Statutes 1992, section 319A.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) A professional corporation may issue its stock only to and admit as a member only natural persons licensed to render a kind of professional service which the corporation is authorized to render or partnerships or professional corporations rendering the same kind of professional service. A person, partnership or professional corporation who becomes a shareholder or member of any such corporation may transfer its shares of stock or its membership only to a natural person, partnership or professional corporation to whom the corporation could have issued the shares of stock or membership. No proxy to vote any share in a professional corporation or membership may be given to a person who is not so licensed, nor may any voting trust be established with respect to the shares of the professional corporation unless all the voting trustees are natural persons so licensed.

(b) Notwithstanding paragraph (a), a professional corporation may issue its stock under this section to an employee stock ownership plan, as defined in section 4975(e)(7) of the Internal Revenue Code of 1986, as amended, if

(1) the voting trustees of the plan are natural persons licensed to render a kind of professional service which the corporation is authorized to render, and

(2) the shares are not directly issued to a person or entity not licensed to render a kind of advice which the corporation is authorized to render.

Sec. 13. Minnesota Statutes 1992, section 325D.33, is amended by adding a subdivision to read:

Subd. 8. [PENALTIES.] (a) A retailer who sells cigarettes for less than a legal retail price may be assessed a penalty in the full amount of three times the difference between the actual selling price and a legal price under sections 325D.30 to 325D.42. This penalty may be collected under the authorities given the commissioner in chapters 270 and 297, and the penalty shall bear interest at the rate prescribed by section 270.75, subdivision 5.

(b) A wholesaler who sells cigarettes for less than a legal price may be assessed a penalty in the full amount of three times the difference between the actual selling price and the legal price under sections 325D.30 to 325D.42. This penalty may be collected under the authorities given the commissioner in chapters 270 and 297, and the penalty shall bear interest at the rate prescribed by section 270.75, subdivision 5.

(c) A retailer who engages in a plan, scheme, or device with a wholesaler to purchase cigarettes at a price which the retailer knows to be less than a legal price may be assessed a penalty in the full amount of three times the difference between the actual purchase price and the legal price under sections 325D.30 to 325D.42. A retailer that coerces or requires a wholesaler to sell cigarettes at a price which the retailer knows to be less than a legal price may be assessed a penalty in the full amount of three times the difference between the actual purchase price and the legal price. These penalties may be collected under the authorities given the commissioner in chapters 270 and 297, and the penalties shall bear interest at the rate prescribed by section 270.75, subdivision 5.

For purposes of this subdivision, a retailer is presumed to know that a purchase price is less than a legal price if any of the following have been done:

- (1) the commissioner has published the legal price in the Minnesota State Register;
- (2) the commissioner has provided written notice to the retailer of the legal price;
- (3) the commissioner has provided written notice to the retailer that the retailer is purchasing cigarettes for less than a legal price;
- (4) the commissioner has issued a written order to the retailer to cease and desist from purchases of cigarettes for less than a legal price; or
- (5) there is evidence that the retailer has knowledge of, or has participated in, efforts to disguise or misrepresent the actual purchase price as equal to or more than a legal price, when it is actually less than a legal price.

In any proceeding arising under this subdivision, the commissioner shall have the burden of providing by a reasonable preponderance of the evidence that the facts necessary to establish the presumption set forth in this section exist, or that the retailer had knowledge that a purchase price was less than the legal price.

(d) The commissioner may not assess penalties against any wholesaler, retailer, or combination of wholesaler and retailer, which are greater than three times the difference between the actual price and the legal price under sections 325D.30 to 325D.42.

Sec. 14. Minnesota Statutes 1992, section 325D.37, subdivision 3, is amended to read:

Subd. 3. Before selling cigarettes at a price set in good faith to meet competition, a wholesaler shall ~~contact~~ notify the commissioner to verify that a competitor has met the requirements of section 325D.32, subdivision 10, or that a competitor has contacted the commissioner under this subdivision in response to a wholesaler who has met the requirements of section 325D.32, subdivision 10 in writing that it intends to meet a competitor's legal price. A wholesaler filing the notice shall be allowed to meet the competitor's price unless within seven days of receipt of the notice, the commissioner informs the wholesaler that the competitor's price is an illegal price.

Sec. 15. [325D.371] [PUBLICATION OF CIGARETTE PRICES.]

The commissioner shall publish in the State Register the presumed legal prices of all cigarettes as calculated pursuant to section 325D.32, subdivision 10. The prices must be published within one month of each recomputation, but not less than once each year.

Sec. 16. [383A.62] [ELECTIONS DEPARTMENT MERGER.]

The city of St. Paul and Ramsey county may, by agreement subject to this section, provide for the merger of the city elections office with the county election office. The consolidation shall be set to begin at the beginning of a fiscal year. In the preceding fiscal year and each year thereafter the county shall provide a budget and levy a property tax for the merged office that will defray the costs of the services provided throughout the county by the merged office. The county shall succeed to the obligations of the city under any collective bargaining agreements in existence at the time of the merger. Nothing in this section or in an agreement for merger under this section shall diminish any rights defined in collective bargaining agreements. The merger must not occur until bargaining units representing affected employees have completed negotiations on post-merger terms and conditions of employment. The county shall succeed to the other obligations and to the real and personal property of the merged city offices.

Sec. 17. Minnesota Statutes 1992, section 429.061, subdivision 1, is amended to read:

Subdivision 1. [CALCULATION, NOTICE.] At any time after the expense incurred or to be incurred in making an improvement shall be calculated under the direction of the council, the council shall determine by resolution the amount of the total expense the municipality will pay, other than the amount, if any, which it will pay as a property owner, and the amount to be assessed. If a county proposes to assess within the boundaries of a city for a county state-aid highway or county highway, including curbs, gutters, and storm sewers, the resolution must include the portion of the cost proposed to be assessed within the city. The county shall forward the resolution to the city and it may not proceed with the assessment procedure nor may the county allocate any cost under this section for property within the city unless the city council adopts the resolution approving the assessment. Thereupon the clerk, with the assistance of the engineer or other qualified person selected by the council, shall calculate the proper amount to be specially assessed for the improvement against every assessable lot, piece or parcel of land, without regard to cash valuation, in accordance with the provisions of section 429.051. The proposed assessment roll shall be filed with the clerk and be open to public inspection. The clerk shall thereupon, under the council's direction, publish notice that the council will meet to consider the proposed assessment. Such notice shall be published in the newspaper at least once and shall be mailed to the owner of each parcel described in the assessment roll. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be such on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. Such publication and mailing shall be no less than two weeks prior to such meeting of the council. Except as to the owners of tax exempt property or property taxes on a gross earnings basis, every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived such mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for such purpose. Such notice shall state the date, time, and place of such meeting, the general nature of the improvement, the area proposed to be assessed, the total amount of the proposed assessment, that the proposed assessment roll is on the file with the clerk, and that written or oral objections thereto by any property owner will be considered. The notice must also state that no appeal may be taken as to the amount of any assessment adopted pursuant to subdivision 2, unless a written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing. The notice shall also state that an owner may appeal an assessment to district court pursuant to section 429.081 by serving notice of the appeal upon the mayor or clerk of the municipality within 30 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the mayor or clerk. The notice shall also inform property owners of the provisions of sections 435.193 to 435.195 and the existence of any deferment procedure established pursuant thereto in the municipality. In addition, the notice mailed to the owner must ~~include~~ state in clear language the following information:

- (1) the amount to be specially assessed against that particular lot, piece, or parcel of land;
- (2) adoption by the council of the proposed assessment may be taken at the hearing;
- (3) the right of the property owner to prepay the entire assessment and the person to whom prepayment must be made;

- (3) (4) whether partial prepayment of the assessment has been authorized by ordinance;
- (4) (5) the time within which prepayment may be made without the assessment of interest; and
- (5) (6) the rate of interest to be accrued if the assessment is not prepaid within the required time period.

Sec. 18. Minnesota Statutes 1992, section 469.169, is amended by adding a subdivision to read:

Subd. 9. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7 and 8, the commissioner may allocate \$1,100,000 for tax reductions to border city enterprise zones in cities located on the western border of the state, and \$300,000 to the border city enterprise zone in the city of Duluth. The commissioner shall make allocations to zones in cities on the western border by evaluating which cities' applications for allocations relate to business prospects that have the greatest positive economic impact. Allocations made under this subdivision may be used for tax reductions as provided in section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under section 469.169, subdivision 7, do not apply to this allocation. Enterprise zones that receive allocations under this subdivision may continue in effect for purposes of those allocations through December 31, 1994.

Sec. 19. [473.334] [SPECIAL ASSESSMENT; AGREEMENT.]

Subdivision 1. [GENERALLY.] In determining the special benefit received by regional recreation open space system property as defined in sections 473.301 to 473.351 from an improvement for which a special assessment is determined, the governing body shall not consider any use of the property other than as regional recreation open space property at the time the special assessment is determined. The metropolitan council shall not be bound by the determination of the governing body of the city but may pay a lesser amount, as agreed upon by the metropolitan council and the governing body of the city, as they determine is the measure of benefit to the land from the improvement.

Subd. 2. [EXCEPTION.] This section does not apply to Otter-Bald Eagle lake regional park property in the town of White Bear, Ramsey county, which shall continue to be governed by section 435.19.

Sec. 20. Minnesota Statutes 1992, section 477A.14, is amended to read:

477A.14 [USE OF FUNDS.]

Forty percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) 37.5 cents for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

(b) From the funds remaining, within 30 days of receipt of the payment to the county, the county treasurer shall pay each organized township shall receive 30 cents per acre of acquired natural resources land and 7.5 cents per acre of other natural resources land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction. Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

(c) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.

Sec. 21. [UNEMPLOYMENT TAX ADMINISTRATION; STUDY.]

The commissioner of revenue and the commissioner of jobs and training shall study the feasibility of transferring the responsibility for collection of unemployment taxes from the department of jobs and training to the department of revenue. The commissioners must present their report to the legislature by February 1, 1994.

Sec. 22. [ST. PAUL; SPECIAL ASSESSMENTS.]

Subdivision 1. [POWERS.] The city of St. Paul may by ordinance choose to exercise the powers provided by this section in place of those provided by Minnesota Statutes, section 429.101, subdivision 1, but in accordance with the provisions of Minnesota Statutes, section 429.101, subdivisions 2 and 3. In addition to any method authorized by law or charter, the city may provide for the collection of unpaid special charges for all or any part of the following costs:

- (1) snow, ice, rubbish, or litter removal from public parking facilities;
- (2) the operation, including maintenance and repair, of lighting systems for public parking facilities; or
- (3) the operation, including maintenance and repair, of public parking facilities.

Subd. 2. [SPECIAL ASSESSMENTS.] The costs listed in subdivision 1 may be collected as a special assessment against the property benefited.

Subd. 3. [REGULATIONS.] The council may by ordinance adopt regulations consistent with this section to make this authority effective, including, at the option of the council, provisions for collection of actual or estimated charges from the property owner or other person served before the unpaid charges are made a special assessment.

Subd. 4. [ADJUSTMENT.] If estimated charges are collected and, based upon subsequent actual costs, found to be excessive or deficient, subsequent charges shall be reduced by the excess or increased by the deficiency.

Sec. 23. [ST. PAUL HOUSING LOAN AND GRANT PROGRAM.]

Subdivision 1. [HOUSING REHABILITATION LOAN PROGRAM.] The city of Saint Paul may develop and administer a housing rehabilitation loan program with respect to residential property located anywhere within its boundaries on the terms and conditions as it determines. In approving applications for the program, the following factors must 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, 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.

All loans and grants shall be issued primarily for rehabilitating housing so that it meets applicable housing codes, building codes, and health and safety codes, and to make other necessary improvements.

Subd. 2. [NEW RESIDENTIAL DWELLING UNITS.] A housing rehabilitation loan program undertaken under subdivision 1 may also provide for the city to make or purchase loans made to finance the acquisition of single-family residences and multifamily housing projects that have been newly constructed in established neighborhoods on land owned by the city or any agency of the city. For purposes of this subdivision, 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, partnership, or other entity under a development agreement in which the developer has agreed to construct single-family housing or one or more multifamily housing projects on the land. In approving applications for a loan to be made under this subdivision, 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 the housing enhances the stability of the neighborhood in which it is located.

Subd. 3. [HOUSING REHABILITATION GRANT PROGRAM.] The city of St. Paul may develop and administer a housing rehabilitation grant program with respect to property within its boundaries, on the terms and conditions as it determines. In approving applications for grants used under this program, all of the considerations and limitations enumerated in subdivision 2 for loans must be considered and the following factors must also be considered:

(1) whether the housing unit is a single-family dwelling, homesteaded unit, or multifamily housing project; and

(2) whether the applicant is a person of low income.

The city council shall by ordinance set forth the regulations for its grant program. The dollar value of grants made shall not exceed five percent of the total value of the bonds issued for both the loan and the grant programs. All grants shall be made primarily to rehabilitate housing so that it meets applicable housing codes, building codes, and health and safety codes or to make other necessary improvements.

Subd. 4. [ISSUANCE OF BONDS.] To finance the programs authorized by this section, 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, with or without an election, and otherwise in accordance with the provisions of chapter 475. The total amount of all bonds outstanding at any time for the program authorized by this section shall not exceed \$25,000,000. The amount of all bonds issued shall be included in the net indebtedness of the city for the purpose of any charter or statutory debt limitation.

Subd. 5. [AUTHORITY MAY UNDERTAKE PROGRAM; AUTHORITY GENERAL OBLIGATION REVENUE BONDS.] The Saint Paul housing and redevelopment authority may exercise the powers of the city under this section, except that the regulations required by subdivision 3 must be enacted by an ordinance of the city. To finance the programs authorized by this section, the authority may issue bonds and pledge the full faith and credit and taxing power of the city as additional security for bonds payable from the income or revenues of a program or from the income or revenues of specific projects undertaken pursuant to a program, in the manner authorized by Minnesota Statutes, section 469.034, subdivision 2, except that the program may consist of a program of loans or grants for single-family housing or multifamily housing projects, and except that in lieu of the limit stated in section 469.034, subdivision 2, the maximum amount of bonds that may be outstanding at any time under this subdivision, together with the principal amount of bonds outstanding at any time under subdivision 4, shall not exceed the amount stated in subdivision 4. Each residential dwelling unit must be purchased or occupied by the elderly, or a person or family with income not greater than 175 percent of the median family income for the Minneapolis-Saint Paul metropolitan statistical area as estimated by the United States Department of Housing and Urban Development.

Subd. 6. [POWERS SUPPLEMENTAL; OWNERSHIP.] The powers granted by this subdivision supplement the powers granted to the city or authority by any other general or special law. Notwithstanding any contrary provision of any general or special law, single-family residences or multifamily housing projects financed by the city or authority pursuant to this subdivision may be owned by the city or authority or by a private person or entity. Except for properties that are part of a lease purchase program, the city or authority shall not own projects financed under this section for more than two years.

Sec. 24. [GOODHUE COUNTY; COUNTY REDEVELOPMENT AUTHORITY.]

Subdivision 1. [ESTABLISHMENT.] The Goodhue county board may, by adopting a written enabling resolution, establish a county redevelopment authority that, subject to subdivision 2, has the following powers: powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.1081, except for the authority to issue general obligation bonds under Minnesota Statutes, section 469.102; powers of a rural development financing authority under Minnesota Statutes, sections 469.142 to 469.151; and powers of a housing and redevelopment authority under Minnesota Statutes, chapter 462.

Subd. 2. [ECONOMIC DEVELOPMENT AUTHORITY POWERS.] If the Goodhue county redevelopment 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 469.1081, including a tax levy to support the activities of the authority. The 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 limit the areas that may be designated as 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 by the written resolution of the county board. All modifications to the enabling resolution must be by written resolution.

(c) Before the authority begins a project, the governing body of the municipality in which the project is to be located or the Goodhue county board, if the project is outside municipal corporate limits, must approve the project by majority vote 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 Goodhue county board. Each director shall be appointed to serve for three years or until a successor is appointed. No director may serve more than two consecutive terms. The appointment of directors must reflect representation of the entire county. The other two directors must be representatives of various county-based economic development organizations.

(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. A vacancy occurs if a director no longer resides in the county. A director may be removed by the county board for inefficiency, neglect of duty, or misconduct in office.

(c) The county administrator or the designee of the county administrator shall be the executive secretary of the county redevelopment authority.

(d) The directors shall receive no compensation other than reimbursement for expenses incurred in the performance of their duties.

Sec. 25. [STATE ADVISORY COUNCIL.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A state advisory council on metropolitan governance is established to provide a forum at the state level for education, discussion, identification of emerging regional needs and appropriate responses, and advice to the legislature on the present and future role of the metropolitan council, metropolitan agencies, and the local governmental units as defined in Minnesota Statutes, section 473.121. The creation of the advisory council shall not affect any otherwise existing reporting relationships of the council, metropolitan agencies, or the local governmental units to the legislature.

Subd. 2. [AUTHORITY; DUTIES.] (a) The advisory council shall review and comment to the legislature on the duties and responsibilities of the council, metropolitan agencies, and the local governmental units.

(b) The advisory council may gather information, conduct research and analysis, and advise the legislature on matters related to the council's charge.

(c) The advisory council may conduct public hearings to inform the public and solicit opinion.

(d) The advisory council shall consult with local governmental units in making its recommendations.

Subd. 3. [MEMBERSHIP.] The advisory council shall consist of 15 members who serve at the pleasure of the appointing authority as follows:

(1) six legislators; three members of the senate appointed by the subcommittee on committees of the committee on rules and administration; and three members of the house of representatives appointed by the speaker; and

(2) nine public members who are residents of the metropolitan area; two appointed by the subcommittee on committees of the committee on rules and administration of the senate and two appointed by the speaker of the house of representatives; and five appointed by the governor.

Subd. 4. [CHAIRS.] The legislative appointing authorities shall each designate a legislative appointee to serve as co-chair of the advisory council.

Subd. 5. [ADMINISTRATION.] Legislative staff, the metropolitan council, and metropolitan agencies shall provide administrative and staff assistance when requested by the advisory council.

Subd. 6. [EXPENSES.] The metropolitan council shall compensate the members of the advisory council. Public members are to be compensated in an amount provided by Minnesota Statutes, section 15.059, subdivision 3. Members of the legislature are to be paid per diem and expenses in an amount provided by Minnesota Statutes, section 3.099. The council shall adopt a budget of estimated expenses at its first meeting and provide a copy to the metropolitan council.

Subd. 7. [APPLICATION.] This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 26. [APPROPRIATION.]

\$301,000 is appropriated for fiscal year 1994 and \$119,000 is appropriated for fiscal year 1995 from the general fund to the commissioner of revenue for the purpose of meeting the cost to the department of revenue of administering the provisions of this act.

Sec. 27. [REPEALER.]

Minnesota Statutes 1992, section 325D.33, subdivision 7, is repealed.

Sec. 28. [EFFECTIVE DATE.]

Section 1 is effective June 30, 1993.

Sections 3, 4, and 20 are effective for payments received by the county after June 30, 1993.

Section 7 is effective for debts incurred after July 31, 1993.

Section 8 is effective for property tax refunds paid after December 31, 1992.

Section 10 is effective retroactively to April 25, 1992.

Section 13, paragraphs (a), (b), and (d), are effective the day following final enactment. Section 13, paragraph (c), is effective May 29, 1987, except that in any proceeding under paragraph (c) that arises out of purchases that occurred prior to August 1, 1993, the penalties shall not exceed the difference between the actual purchase price and the legal price.

Sections 14 and 15 are effective August 1, 1993.

Sections 16, 22, 23, and 24 are effective the day following final enactment and without local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, clause (a).

Section 25 is effective the day following final enactment and is repealed June 30, 1994.

Section 27 is effective May 29, 1987."

Delete the title and insert:

"A bill for an act relating to the financing and operation of state and local government; revising the operation of the local government trust fund; modifying the administration, computation, collection, and enforcement of taxes;

changing tax rates, bases, credits, exemptions, withholding, and payments; modifying property tax provisions relating to procedures, valuation, levies, classifications, exemptions, notices, hearings, and assessors; adjusting formulas of state aids to local governments; providing for the establishment and operation of special service districts; authorizing establishment of an ambulance district; modifying definitions in the property tax refund law and providing a source of funding for the refunds; authorizing and changing requirements for special assessments; modifying provisions governing the establishment and operation of tax increment financing districts; establishing a process by which local governments may obtain waivers of state rules and laws establishing procedures; establishing a board of government innovation and cooperation and authorizing it to provide grants to encourage cooperation and innovation by local governments; authorizing imposition of local taxes; imposing a sports bookmaking tax; changing certain bonding and local government finance provisions; enacting provisions relating to certain cities, counties, and special taxing districts; imposing a tax on contaminated property and providing for use of the proceeds; conforming with changes in the federal income tax law; clarifying an income tax apportionment formula; modifying taconite production tax provisions, and increasing the distribution of the proceeds to the taconite economic development fund; modifying the availability of tax incentives and preferences; providing additional allocations to border city enterprise zones; providing for a budget reserve and cash flow account transfer; revising penalty, notification, and publication provisions of the unfair cigarette sales act; defining terms and changing definitions; establishing advisory councils; requiring reports and studies; classifying data; making technical corrections, clarifications, and administrative changes to various taxes and to tax administration and enforcement; changing and imposing penalties; appropriating money; amending Minnesota Statutes 1992, sections 16A.15, subdivision 6; 16A.1541; 16A.712; 17A.03, subdivision 5; 31.51, subdivision 9; 31A.02, subdivisions 4 and 10; 31B.02, subdivision 4; 35.821, subdivision 4; 60A.15, subdivisions 2a, 9a, and by adding a subdivision; 60A.198, subdivision 3; 60A.199, subdivision 4, and by adding a subdivision; 82.19, by adding a subdivision; 82B.035, by adding a subdivision; 84.82, subdivision 10; 86B.401, subdivision 12; 97A.061, subdivisions 2 and 3; 103B.635, subdivision 2; 115B.22, subdivision 7; 134.001, by adding a subdivision; 134.35, subdivision 1; 134.351, subdivision 4; 204D.19, by adding a subdivision; 205.10, by adding a subdivision; 205A.05, subdivision 1; 239.785; 243.23, subdivision 3; 256E.06, subdivision 12; 270.06; 270.07, subdivision 3; 270.071, subdivision 2; 270.072, subdivision 2; 270.41; 270.66, by adding a subdivision; 270.70, subdivision 1; 270A.03, subdivision 7; 270A.10; 270B.01, subdivision 8; 270B.12, by adding a subdivision; 270B.14, subdivision 8; 271.06, subdivision 1; 271.09, subdivision 3; 272.01, subdivision 3; 272.02, subdivisions 1 and 4; 272.025, subdivision 1; 272.115, subdivisions 1 and 4; 272.12; 273.03, subdivision 2; 273.061, subdivisions 1 and 8; 273.11, subdivisions 1, 5, 6a, 13, and by adding subdivisions; 273.112, subdivision 3, and by adding a subdivision; 273.121; 273.124, subdivisions 1, 9, 13, and by adding subdivisions; 273.13, subdivisions 23, 24, 25, and 33; 273.1318, subdivision 1; 273.135, subdivision 2; 273.138, subdivision 5; 273.1398, subdivisions 1, 2, 3, 5b, and by adding a subdivision; 273.1399, subdivision 1; 273.33, subdivision 2; 274.13, subdivision 1; 274.18; 275.065, subdivisions 3, 5a, 6, and by adding a subdivision; 275.07, subdivisions 1, 4, and by adding a subdivision; 275.28, subdivision 3; 275.295; 276.02; 276.04, subdivision 2; 277.01, subdivision 2; 277.15; 277.17; 278.01, subdivision 1; 278.02; 278.03; 278.04; 278.08; 278.09; 279.025; 279.37, subdivision 1a; 287.21, subdivision 4; 287.22; 289A.08, subdivisions 3, 10, and 15; 289A.09, subdivision 1, and by adding a subdivision; 289A.11, subdivisions 1 and 3; 289A.12, subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 12, and 14; 289A.18, subdivisions 1 and 4; 289A.20, subdivisions 2 and 4; 289A.25, subdivisions 1, 2, 5a, 6, 8, 10, and 12; 289A.26, subdivisions 1, 4, 6, and 7; 289A.36, subdivisions 3 and 7; 289A.40, by adding a subdivision; 289A.50, subdivision 5; 289A.56, subdivision 3; 289A.60, subdivisions 1, 2, 15, and by adding subdivisions; 289A.63, subdivision 3; 290.01, subdivisions 7, 19, 19a, and 19c; 290.0671, subdivision 1; 290.091, subdivisions 2 and 6; 290.0921, subdivision 3; 290.191, subdivision 4; 290A.03, subdivisions 3, 7, and 8; 290A.04, subdivisions 1, 2h, and by adding a subdivision; 290A.23; 294.03, subdivisions 1, 2, and by adding a subdivision; 296.01, by adding subdivisions; 296.02, subdivision 8; 296.14, subdivisions 1 and 2; 296.18, subdivision 1; 297.03, subdivision 6; 297.07, subdivisions 1 and 4; 297.35, subdivisions 1 and 5; 297.43, subdivisions 1, 2, and by adding a subdivision; 297A.01, subdivisions 3, 6, 13, 15, and 16; 297A.04; 297A.06; 297A.07, subdivision 1; 297A.11; 297A.136; 297A.14, subdivision 1; 297A.25, subdivisions 3, 7, 11, 16, 34, 41, and by adding a subdivision; 297B.01, subdivision 5; 297B.03; 297C.03, subdivision 1; 297C.04; 297C.05, subdivision 2; 297C.14, subdivisions 1, 2, and by adding a subdivision; 298.227; 298.27; 298.28, subdivisions 4, 7, 9a, and 10; 298.75, subdivisions 4 and 5; 299F.21, subdivision 2; 299F.23, subdivision 2, and by adding a subdivision; 319A.11, subdivision 1; 325D.33, by adding a subdivision; 325D.37, subdivision 3; 347.10; 348.04; 349.212, subdivision 4; 349.217, subdivisions 1, 2, and by adding a subdivision; 375.192, subdivision 2; 429.061, subdivision 1, and by adding a subdivision; 465.80, subdivisions 1, 2, 4, and 5; 465.81, subdivision 2; 465.82, subdivision 1; 465.83; 465.87, subdivision 1, and by adding a subdivision; 469.012, subdivision 1; 469.040, subdivision 3; 469.169, by adding a subdivision; 469.174, subdivisions 19, 20, and by adding a subdivision; 469.175, subdivisions 1, 5, and by adding subdivisions; 469.176, subdivisions 1, 4, 4c, 4e, and 4g; 469.177, subdivisions 1 and 8; 469.1831, subdivision 4; 473.13, subdivision 1; 473.1623, subdivision 3; 473.167, subdivision 4; 473.249, subdivision 2; 473.446, subdivision 8; 473.711, subdivision 5; 473.843, subdivision 3; 473H.10, subdivision 3; 477A.011, subdivisions 1a, 20, and by adding subdivisions; 477A.013, subdivision 1, and by adding subdivisions; 477A.03, subdivision 1; and 477A.14; Laws 1953, chapter 387, section 1; Laws 1969, chapter 561, section 1; Laws 1971, chapters 373, sections 1 and 2; and 455, section 1; and Laws 1985, chapter 302, sections 1, subdivision 3; 2, subdivision 1; and 4; Laws 1992, chapter 511, article 2, section 61; proposing coding for new law in Minnesota

Statutes, chapters 17; 116J; 134; 270; 272; 273; 289A; 296; 297; 297A; 325D; 349; 383A; 465; 469; and 473; repealing Minnesota Statutes 1992, sections 60A.13, subdivision 1a; 115B.24, subdivision 10; 272.115, subdivision 1a; 273.124, subdivision 16; 273.1398, subdivision 5; 273.49; 274.19; 274.20; 275.03; 275.07, subdivision 3; 277.011; 289A.08, subdivisions 9 and 12; 297A.258; 325D.33, subdivision 7; 348.03; 383C.78; 477A.011, subdivisions 3a, 15, 16, 17, 18, 22, 23, 25, and 26; 477A.013, subdivisions 2, 3, and 5; Laws 1953, chapter 387, section 2; Laws 1963, chapter 603, section 1; and Laws 1969, chapter 592, sections 1, 2, and 3."

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

House Conferees: TED WINTER, ANN H. REST, DEE LONG, IRV ANDERSON AND TOM OSTHOFF.

Senate Conferees: SANDRA L. PAPPAS, DOUGLAS J. JOHNSON, EMBER D. REICHGOTT, CAROL FLYNN AND WILLIAM V. BELANGER, JR.

Winter moved that the report of the Conference Committee on H. F. No. 427 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 427, A bill for an act relating to taxation; making technical corrections and administrative changes to sales and use taxes, income and franchise taxes, property taxes, and tax administration and enforcement; changing penalties; appropriating money; amending Minnesota Statutes 1992, sections 82B.035, by adding a subdivision; 84.82, subdivision 10; 86B.401, subdivision 12; 270.071, subdivision 2; 270.072, subdivision 2; 271.06, subdivision 1; 271.09, subdivision 3; 272.02, subdivisions 1 and 4; 272.025, subdivision 1; 272.12; 273.03, subdivision 2; 273.061, subdivision 8; 273.124, subdivisions 9 and 13; 273.13, subdivision 25; 273.138, subdivision 5; 273.1398, subdivisions 1, 3, and 5b; 274.13, subdivision 1; 274.18; 275.065, subdivision 5a; 275.07, subdivisions 1 and 4; 275.28, subdivision 3; 275.295; 277.01, subdivision 2; 277.15; 277.17; 278.01, subdivision 1; 278.02; 278.03; 278.04; 278.08; 278.09; 287.21, subdivision 4; 287.22; 289A.08, subdivisions 3, 10, and 15; 289A.09, subdivision 1; 289A.11, subdivisions 1 and 3; 289A.12, subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 12, and 14; 289A.18, subdivisions 1 and 4; 289A.20, subdivision 4; 289A.25, subdivisions 1, 2, 5a, 6, 8, 10, and 12; 289A.26, subdivisions 1, 4, and 6; 290A.04, subdivisions 1 and 2h; 296.14, subdivision 2; 297A.01, subdivision 3; 297B.01, subdivision 5; 297B.03; 347.10; 348.04; 469.175, subdivision 5; and 473H.10, subdivision 3; Laws 1991, chapter 291, article 1, section 65, as amended; Laws 1992, chapter 511, article 2, section 61; proposing coding for new law in Minnesota Statutes, chapters 273; 289A; and 297; repealing Minnesota Statutes 1992, sections 60A.13, subdivision 1a; 273.49; 274.19; 274.20; 277.011; 289A.08, subdivisions 9 and 12; 297A.258; and 348.03.

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 119 yeas and 14 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Asch	Blatz	Farrell	Holsten	Limmer	Opatz	Van Dellen
Bergson	Erhardt	Gruenes	Krinkie	Neary	Perlt	Workman

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

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1094:

Stanius, Reding, Bertram, Osthoff and Farrell.

Anderson, I., 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.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

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

H. F. No. 1749, 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; authorizing state bonding; appropriating money; amending Minnesota Statutes, section 16B.24, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124C; and 137.

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

Madam Speaker:

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

H. F. No. 427, A bill for an act relating to taxation; making technical corrections and administrative changes to sales and use taxes, income and franchise taxes, property taxes, and tax administration and enforcement; changing penalties; appropriating money; amending Minnesota Statutes 1992, sections 82B.035, by adding a subdivision; 84.82, subdivision 10; 86B.401, subdivision 12; 270.071, subdivision 2; 270.072, subdivision 2; 271.06, subdivision 1; 271.09, subdivision

3; 272.02, subdivisions 1 and 4; 272.025, subdivision 1; 272.12; 273.03, subdivision 2; 273.061, subdivision 8; 273.124, subdivisions 9 and 13; 273.13, subdivision 25; 273.138, subdivision 5; 273.1398, subdivisions 1, 3, and 5b; 274.13, subdivision 1; 274.18; 275.065, subdivision 5a; 275.07, subdivisions 1 and 4; 275.28, subdivision 3; 275.295; 277.01, subdivision 2; 277.15; 277.17; 278.01, subdivision 1; 278.02; 278.03; 278.04; 278.08; 278.09; 287.21, subdivision 4; 287.22; 289A.08, subdivisions 3, 10, and 15; 289A.09, subdivision 1; 289A.11, subdivisions 1 and 3; 289A.12, subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 12, and 14; 289A.18, subdivisions 1 and 4; 289A.20, subdivision 4; 289A.25, subdivisions 1, 2, 5a, 6, 8, 10, and 12; 289A.26, subdivisions 1, 4, and 6; 290A.04, subdivisions 1 and 2h; 296.14, subdivision 2; 297A.01, subdivision 3; 297B.01, subdivision 5; 297B.03; 347.10; 348.04; 469.175, subdivision 5; and 473H.10, subdivision 3; Laws 1991, chapter 291, article 1, section 65, as amended; Laws 1992, chapter 511, article 2, section 61; proposing coding for new law in Minnesota Statutes, chapters 273; 289A; and 297; repealing Minnesota Statutes 1992, sections 60A.13, subdivision 1a; 273.49; 274.19; 274.20; 277.011; 289A.08, subdivisions 9 and 12; 297A.258; and 348.03.

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

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1642.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1642, 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 1992, sections 115A.9651, as amended; 116J.70, subdivision 2a, as amended; 124C.62, subdivision 1, as amended; 148.181, subdivision 1, as amended; 256.9353, subdivision 1, as amended; 256B.0625, subdivision 32, as amended; 256B.0913, subdivision 5, as amended; 256D.02, subdivision 5, as amended; 256D.051, subdivision 6, as amended; 326.83, subdivision 6, as amended; 609.605, subdivision 1, as amended; 609.67, subdivision 1, as amended; 624.713, subdivision 1, as amended; Laws 1993, chapters 138, section 3; 145, section 5; 207, section 1, subdivision 1; 225, article 9, section 76; Senate File 1105, section 33; Senate File 1570, sections 2, subdivision 7; and 75, subdivision 1; and by adding a section; Senate File 1620, section 79, subdivision 6; House File 574, article 4, section 55; House File 1585, article 1, sections 3; 13, subdivision 1; and 35; and article 4, section 41.

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, Milbert moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1642 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Milbert moved that the Rules of the House be so far suspended that S. F. No. 1642 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1642 was read for the second time.

S. F. No. 1642, 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 1992, sections 115A.9651, as amended; 116J.70, subdivision 2a, as amended; 124C.62, subdivision 1, as amended; 148.181, subdivision 1, as amended; 256.9353, subdivision 1, as amended; 256B.0625, subdivision 32, as amended; 256B.0913, subdivision 5, as amended; 256D.02, subdivision 5, as amended; 256D.051, subdivision 6, as amended; 326.83, subdivision 6, as amended; 609.605, subdivision 1, as amended; 609.67, subdivision 1, as amended; 624.713, subdivision 1, as amended; Laws 1993, chapters 138, section 3; 145, section 5; 207, section 1,

subdivision 1; 225, article 9, section 76; Senate File 1105, section 33; Senate File 1570, sections 2, subdivision 7; and 75, subdivision 1; and by adding a section; Senate File 1620, section 79, subdivision 6; House File 574, article 4, section 55; House File 1585, article 1, sections 3; 13, subdivision 1; and 35; and article 4, section 41.

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

Those who voted in the negative were:

Stanius

The bill was passed and its title agreed to.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce 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. 1094, A bill for an act relating to insurance; regulating fees, data collection, coverages, notice provisions, enforcement provisions, the Minnesota joint underwriting association, and the liquor liability assigned risk plan; enacting the NAIC model regulation relating to reporting requirements for licensees seeking to do business with certain unauthorized multiple employer welfare arrangements; making various technical changes; appropriating money; amending Minnesota Statutes 1992, sections 13.71, by adding subdivisions; 45.024, subdivision 2; 59A.12, by adding a subdivision; 60A.02, by adding a subdivision; 60A.03, subdivisions 5 and 6; 60A.052, subdivision 2; 60A.082; 60A.085; 60A.14, subdivision 1; 60A.19, subdivision 4; 60A.206, subdivision 3; 60A.21, subdivision 2; 60A.36, by adding a subdivision; 60C.22; 60K.06; 60K.14, subdivision 4; 60K.19, subdivision 5; 61A.02, subdivision 2; 61A.031; 61A.04; 61A.07; 61A.071; 61A.073; 61A.074, subdivision 1; 61A.08; 61A.09, subdivision 1; 61A.092, by adding a subdivision; 61A.12, subdivision 1; 61A.282, subdivision 2; 62A.047; 62A.148; 62A.153; 62A.43, subdivision 4; 62E.19, subdivision 1; 62H.01; 62I.02; 62I.03; 62I.07; 62I.13, subdivisions 1 and 2; 62I.20; 65A.01, subdivision 1; 65A.29, subdivision 7;

65B.49, subdivision 3; 72A.20, subdivision 29, and by adding a subdivision; 72A.201, subdivision 9; 72A.41, subdivision 1; 72B.03, subdivision 1; 72B.04, subdivision 2; 176.181, subdivision 2; and 340A.409, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapters 45; 61A; 62A; and 62H; repealing Minnesota Statutes 1992, sections 70A.06, subdivision 5; 72A.45; and 72B.07; Minnesota Rules, parts 2780.4800; 2783.0010; 2783.0020; 2783.0030; 2783.0040; 2783.0050; 2783.0060; 2783.0070; 2783.0080; 2783.0090; and 2783.0100.

The Senate has appointed as such committee:

Messrs. Luther; Solon; Larson; Mses. Wiener and Berglin.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

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

H. F. No. 1529, A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring.

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

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 984, A bill for an act relating to state government; modifying provisions relating to the department of administration; amending Minnesota Statutes 1992, sections 13B.04; 15.061; 16B.06, subdivision 2; 16B.17; 16B.19, subdivisions 2 and 10; 16B.24, subdivision 6, and by adding a subdivision; 16B.27, subdivision 3; 16B.32, subdivision 2; 16B.42; 16B.465, subdivision 6; 16B.48, subdivisions 2 and 3; 16B.49; 16B.51, subdivisions 2 and 3; 16B.85, subdivision 1; 94.10, subdivision 1; 343.01, subdivisions 2, 3, and by adding subdivisions; and 403.11, subdivision 1; Laws 1979, chapter 333, section 18; and Laws 1991, chapter 345, article 1, section 17, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapter 16B; repealing Minnesota Statutes 1992, sections 3.3026; 16B.41, subdivision 4; 16B.56, subdivision 4; Laws 1987, chapter 394, section 13.

PATRICK E. FLAHAVEN, Secretary of the Senate

Solberg moved that the House refuse to concur in the Senate amendments to H. F. No. 984, 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.

A roll call was requested and properly seconded.

The question was taken on the Solberg motion and the roll was called. There were 75 yeas and 56 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Battaglia	Bergson	Brown, K.	Cooper	Dorn	Garcia
Anderson, R.	Bauerly	Bertram	Carlson	Dawkins	Evans	Greenfield
Asch	Beard	Brown, C.	Clark	Delmont	Farrell	Hasskamp

Hausman	Kalis	Luther	Neary	Perlt	Sekhon	Tunheim
Huntley	Kelley	Mahon	Nelson	Peterson	Simoneau	Wagenius
Jacobs	Kinkel	Mariani	Olson, K.	Reding	Skoglund	Wejzman
Jaros	Klinzing	McCollum	Opatz	Rest	Solberg	Wenzel
Jefferson	Krueger	McGuire	Orenstein	Rice	Sparby	Winter
Johnson, A.	Lasley	Mosel	Orfield	Rodosovich	Steensma	Spk. Long
Johnson, R.	Lieder	Munger	Ostrom	Rukavina	Tomassoni	
Kahn	Lourey	Murphy	Pelowski	Sarna	Trimble	

Those who voted in the negative were:

Abrams	Dempsey	Haukoos	Leppik	Ness	Pugh	Van Dellen
Bettermann	Erhardt	Holsten	Limmer	Olson, E.	Rhodes	Vickerman
Blatz	Frerichs	Hugoson	Lindner	Olson, M.	Seagren	Waltman
Carruthers	Girard	Johnson, V.	Lynch	Onnen	Smith	Weaver
Commers	Goodno	Kelso	Macklin	Osthoff	Stanius	Welle
Dauner	Greiling	Knickerbocker	Milbert	Ozment	Sviggum	Wolf
Davids	Gruenes	Koppendrayer	Molnau	Pauly	Swenson	Worke
Dehler	Gutknecht	Krinkie	Morrison	Pawlenty	Tompkins	Workman

The motion prevailed.

ADJOURNMENT

Anderson, I., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Tuesday, February 22, 1994.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

COMMUNICATIONS RECEIVED PRIOR TO ADJOURNMENT
AND NOT ACTED UPON

The following communications were received prior to adjournment and were not acted upon by the House:

PETITIONS AND COMMUNICATIONS

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 15, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 28, House File No. 296/Senate File No. 276, a bill relating to financial institutions and credit unions.

Chapter 28 would allow a further expansion of credit union activity and permit credit unions to bid for deposits of nonmembers. This expansion began with legislation passed in 1985 which was further amended in 1991. I am uncomfortable with this progression and base my veto of this bill on the principle of fairness and my concern for the continued survival and growth of small community banks who would be adversely affected by this legislation.

Credit unions do not pay federal or state income taxes. In addition, credit unions are not subject to the requirements of the federal Community Reinvestment Act, which obligates banks to serve all segments of their community. I am not convinced that yet another competitive advantage for credit unions is appropriate at this time.

I believe that Minnesota consumers are best served by having both a strong credit union industry and a healthy bank system. State policymakers should avoid actions that upset the competitive balance between the two financial institutions.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 10, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 153, House File No. 1735, the Omnibus Tax Bill.

H. F. No. 1735, the Omnibus Tax Bill is a unique piece of legislation in two important respects. First, it does not contain any major state tax increases. This is a positive. But second, it is not an Omnibus Tax Bill at all, as a fundamental tax provision which includes increasing income taxes by \$227 million is currently proposed in another bill entirely - specifically the K-12 education funding bill. Departure from the worthy tradition of packaging our major tax provisions in the Omnibus Tax Bill will lead to political chicanery of the most devious sort and will establish a very poor precedent for the future.

From the standpoint of presenting a truly complete tax bill, the Omnibus Tax Bill must be considered together with the K-12 education funding bill to which the income tax increase is currently attached. They are inseparable. I will veto the K-12 education funding bill because of the income tax increase provision, assuming it remains as proposed. A restructuring for compromise on K-12 will of necessity include parts of the Omnibus Tax Bill, so that, too, must be vetoed.

First, the Omnibus Tax Bill provisions relating to establishing the state's reserve at \$360 million violates two of the most fundamental principles of this administration - that we will fund our reserve at a level that avoids short term borrowing in the future and that at the end of fiscal 1997 the state will not be faced with an imbalance of resources and expenditures. We determined that a reserve of 500 million dollars was necessary to achieve those goals. A reduction in the reserve to the level set forth in the Omnibus Tax Bill is fiscally irresponsible and is therefore unacceptable.

Second, this bill again adds significant complication to an already overly complicated property tax system. In a number of areas it moves the property tax system further away from a market value based tax system. Specifically, the limited market value approach can only cause future tax base problems and could cost the state additional resources. I would rather join with you in developing a comprehensive reform program.

Third, once again the legislature has needlessly displayed its hostility to job development by denying corporate tax deductions for salaries over one million dollars. The meager revenue raised by this unprecedented meddling in the corporate affairs of our job producing businesses is the clearest signal of the foolish politics of this provision. Add to that the exemption for salaries paid to professional athletes and we can now cynically acclaim a new high water mark in tax policy absurdity.

While the foregoing represents my principal concerns about the Omnibus Tax Bill requiring my veto, there clearly are elements of the bill that are important to the administration and I want to thank the tax conferees for their diligent work:

The far-sighted treatment of the capital equipment exemption from the sales tax. The conference committee appropriately protected the budget by adopting Department of Revenue language that will prevent a hemorrhage of state funds over the next year. At the same time, they established an Advisory Council to study the entire issue of taxation of capital equipment investments in the State of Minnesota. A rational policy of taxation that will satisfy

Minnesota's need to create and maintain jobs would result from such a study, and I sincerely hope that we end the session with this bipartisan effort in place.

The truth in taxation language relative to employee compensation. This is a significant step toward fuller disclosure of local government costs and will result in greater property tax restraint.

The removal of the early June sales tax payment for close to 14,000 small businesses. This sends a clear signal to the small businesses of Minnesota that we do care.

The removal of the housing provisions from the Omnibus Tax Bill. I do support the broad housing goals, but I would like to take a more studied approach during the next year.

The local government consolidation and cooperation initiatives. These are consistent with the Council on Innovation and I look forward to a coordinated effort.

So while there are several serious flaws in the conference committee tax bill requiring my veto, there also are many well reasoned and appropriate provisions that indicate true compromise is possible. I will do everything I can to bring about a speedy resolution of the state's tax program for the coming biennium.

Thank you for your consideration.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 14, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 140, House File No. 1398, a bill relating to residential speed limits.

This bill would authorize local governmental units to impose 25 mph speed limits on stretches of residential roadways that are 1/4 mile or less in length. It is in direct conflict with current law requiring the Minnesota Department of Transportation to conduct engineering and traffic investigations prior to establishing speed limits other than the 55 mph rural and the 30 mph urban limits. It would be unwise to grant local government the discretion to circumvent sound engineering and traffic safety policy and procedure.

In addition, there is no data to correlate lower speeds with lower accident rates. In fact, Transportation Research Record No. 1281 reports that the highest accident rates and highest speed violation rates occur in statutory 25 mph zones. Accordingly, these zones should not be arbitrarily established without the thorough investigation that current law requires.

Finally, speed zoning can be an emotional issue that typically masks significant safety problems. The real safety problems can be overlooked because residents and local officials are pacified by lower speed limits. The consequence is that serious safety problems may never be adequately addressed.

This bill is opposed by the Minnesota Department of Transportation, the League of Minnesota Cities, and the Institute of Transportation Engineers, all of whom have vested yet varied interests in this issue. I concur with their opposition.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 14, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 174, House File No. 947/Senate File No. 896, a bill relating to the sale of tax forfeited land adjacent to public waters.

Minnesota law clearly sets forth the procedure to follow when a jurisdiction desires to dispose of tax forfeited land adjacent to public waters. Minnesota Statutes section 282.081, subd. 1(d) clearly states that the authority must submit a proposal for disposition to the Department of Natural Resources, which shall then seek approval from the legislature. This procedure is intended to ensure that the public's interest in our natural resource is adequately protected.

The disposition of Hubbard County land that is authorized in Section 2 of this bill is in conflict with the above-cited statute. The proposed disposition was never presented to or reviewed by the DNR before being acted upon by the legislature. The Department has evaluated several other land sale proposals and submitted recommendations to the legislature. There has been no indication that this statutory process is in any way flawed.

The land transaction specified in Section 2 of this bill bypassed the review process that has been established. It is my firm belief that it is in the best interest of the resources and the people of Minnesota to allow sound policy to work as intended. This veto is intended to deliver that message.

Warmest regards,

ARNE H. CARLSON
Governor

COMMUNICATIONS AND ANNOUNCEMENTS RECEIVED
SUBSEQUENT TO ADJOURNMENT

The following communications and announcements were received subsequent to adjournment by the House:

PETITIONS AND COMMUNICATIONS

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 14, 1993

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

Dear Speaker Long:

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

H. F. No. 43, relating to transportation; regulating the sign franchise program; allocating funding for town bridges replaced by culverts when replacement does not exceed \$20,000.

H. F. No. 554, relating to occupations and professions; authorizing actions against lapsed licenses; requiring roofers to be licensed by the state; providing for temporary licenses and fees.

H. F. No. 1274, relating to veterans; authorizing the legislature to hear and determine claims by patients at the Minnesota veterans homes.

H. F. No. 1402, relating to natural resources; defining as "repair" under the drainage code certain incidental straightening of tiles and use of larger tile sizes under certain circumstances; amending requirements relating to replacement of wetlands; modifying exemptions; requiring the wetland heritage advisory committee to meet at least twice per year; requiring a report.

H. F. No. 964, relating to public safety; authorizing commissioner of public safety to apply for federal natural disaster assistance funds.

H. F. No. 735, relating to highway traffic regulations; implements of husbandry; defining implements of husbandry; exempting trailers that carry dry fertilizer from vehicle registration tax; reducing the maximum speed limit for implements of husbandry to 25 miles per hour; clarifying the use of slow-moving vehicle emblem for implements of husbandry; requiring hazard warning lights on implements of husbandry; regulating brakes on implements of husbandry; imposing certain size and weight restrictions; requiring slow-moving vehicle safety to be included in driver examinations and driver education courses.

H. F. No. 690, relating to retirement; public employees retirement association; disability benefits; reducing the reduction in benefits to coordinate them with amounts received under workers' compensation law for certain former employees.

H. F. No. 546, relating to outdoor recreation; requiring legislative approval of development or operation of motor sports areas by commissioner of natural resources; prohibiting motor sports areas within the Dorer Memorial Hardwood Forest.

H. F. No. 643, relating to commerce; making technical changes in the department's enforcement powers; regulating cosmetology; prescribing powers and duties; setting fees.

H. F. No. 1021, relating to state lands; exempting certain lakeshore lots from sale requirements; authorizing the commissioner of natural resources to acquire personal property.

H. F. No. 1161, relating to retirement; public employees retirement association; permitting payment in lieu of salary deductions to obtain service credit notwithstanding a one-year time limitation.

H. F. No. 299, relating to elections; changing requirements and procedures for maintaining precinct boundary data; appropriating money.

H. F. No. 608, relating to agriculture; exempting certain nonprofit organizations from the requirement for a nursery stock dealer certificate.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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>1993</i>	<i>Date Filed</i> <i>1993</i>
	43	128	3:56 p.m. May 14	May 14
	554	145	1:25 p.m. May 14	May 14
	1274	155	4:04 p.m. May 14	May 14
384		156	1:28 p.m. May 14	May 14
521		167	1:29 p.m. May 14	May 14
190		171	1:26 p.m. May 14	May 14
	1402	175	10:04 p.m. May 14	May 14
	964	176	3:50 p.m. May 14	May 14
338		177	3:48 p.m. May 14	May 14
1032		178	3:45 p.m. May 14	May 14
283		179	4:05 p.m. May 14	May 14
96		180	10:06 p.m. May 14	May 14
1244		181	4:05 p.m. May 14	May 14
1148		182	9:59 p.m. May 14	May 14
589		183	9:58 p.m. May 14	May 14
536		184	10:05 p.m. May 14	May 14

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1993	Date Filed 1993
1208		185	10:09 p.m. May 14	May 14
	735	187	3:40 p.m. May 14	May 14
739		188	9:59 p.m. May 14	May 14
	690	189	9:53 p.m. May 14	May 14
1087		190	10:07 p.m. May 14	May 14
639		191	10:06 p.m. May 14	May 14
1620		192	1:30 p.m. May 14	May 14
1413		194	3:41 p.m. May 14	May 14
490		195	10:06 p.m. May 14	May 14
464		196	10:03 p.m. May 14	May 14
174		197	9:56 p.m. May 14	May 14
1380		199	10:05 p.m. May 14	May 14
1400		200	10:00 p.m. May 14	May 14
1101		201	3:45 p.m. May 14	May 14
937		202	9:59 p.m. May 14	May 14
	546	203	10:02 p.m. May 14	May 14
	643	204	10:03 p.m. May 14	May 14
	1021	205	10:03 p.m. May 14	May 14
1201		206	3:44 p.m. May 14	May 14
	1161	207	9:57 p.m. May 14	May 14
	299	208	10:02 p.m. May 14	May 14
	608	209	10:01 p.m. May 14	May 14
692		210	10:04 p.m. May 14	May 14
1184		211	10:08 p.m. May 14	May 14
894		212	10:05 p.m. May 14	May 14
902		213	10:07 p.m. May 14	May 14

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 17, 1993

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

Dear Speaker Long:

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

H. F. No. 327, relating to motor vehicles; providing for free motor vehicle license plates for former prisoners of war.

H. F. No. 199, relating to insurance; workers' compensation; regulating the state fund mutual insurance company; requiring the workers' compensation reinsurance association to provide funds.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 17, 1993

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

Dear Speaker Long:

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

H. F. No. 350, relating to education; prekindergarten through grade 12; providing for general education revenue; transportation; special programs; community programs; facilities; organization and cooperation; commitment to excellence; other education programs; miscellaneous provisions; libraries; state agencies; and realignment of responsibilities; mandate repeals; conforming references to repealed law; appropriating money.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 17, 1993

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

Dear Speaker Long:

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

H. F. No. 1450, relating to game and fish; authorizing expenditure of RIM funds for restoration of fish and wildlife habitat.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 17, 1993

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

Dear Speaker Long:

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

H. F. No. 50, relating to agriculture; changing the apiary laws.

H. F. No. 864, relating to waters; inspection of watercraft for exotic harmful species; permit fee for aquatic vegetation control; authorizing civil penalties; appropriating money.

H. F. No. 948, relating to commerce; modifying the definition of business license; regulating residential building contractors and remodelers; providing licensing requirements; prescribing the powers and duties of the commissioner; establishing a contractor's recovery fund; appropriating money.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1993	Date Filed 1993
697		186	10:01 p.m. May 14	May 14
	327	214	10:55 a.m. May 17	May 17
406		215	3:10 p.m. May 17	May 17
441		216	11:06 a.m. May 17	May 17
826		217	3:12 p.m. May 17	May 17
1141		218	3:13 p.m. May 17	May 17

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1993	Date Filed 1993
229		219	11:04 a.m. May 17	May 17
58		220	10:57 a.m. May 17	May 17
1036		221	11:08 a.m. May 17	May 17
141		222	10:58 a.m. May 17	May 17
567		223	3:11 p.m. May 17	May 17
	350	224	10:38 p.m. May 17	May 17
1115		226	10:55 a.m. May 17	May 17
	1450	227	4:47 p.m. May 17	May 17
	199	228	10:53 a.m. May 17	May 17
64		229	10:56 a.m. May 17	May 17
1290		230	3:14 p.m. May 17	May 17
693		231	3:11 p.m. May 17	May 17
832		232	4:50 p.m. May 17	May 17
	50	233	4:45 p.m. May 17	May 17
	864	235	4:45 p.m. May 17	May 17
264		236	4:42 p.m. May 17	May 17
340		237	3:09 p.m. May 17	May 17
34		238	3:07 p.m. May 17	May 17
162		239	3:08 p.m. May 17	May 17
207		240	4:43 p.m. May 17	May 17
235		241	3:08 p.m. May 17	May 17
262		242	3:08 p.m. May 17	May 17
560		243	4:40 p.m. May 17	May 17
853		244	4:52 p.m. May 17	May 17
	948	245	4:44 p.m. May 17	May 17
782		246	3:12 p.m. May 17	May 17
419		247	4:42 p.m. May 17	May 17
948		248	3:13 p.m. May 17	May 17

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 18, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 234, House File No. 671, a bill relating to affordable housing and metropolitan governance.

All Minnesotans should have access to affordable housing in the communities of our choice. We should be able to live near where we work, and we should be able to remain in our home communities despite economic changes that may occur during our lives. House File No. 671 does nothing to advance this ideal.

The bill requires the Metropolitan Council to adopt more rules. It directs the Council to allocate affordable housing needs among metro cities and towns, and to develop a formula for making those allocations. The Council is also directed to identify local barriers to affordable housing, to describe actions to eliminate any such barriers, and to establish procedures by which to cause the development of affordable housing. The Council currently has the statutory authority to engage in these activities.

House File No. 671 is unacceptable for several reasons. First, it requires the Metropolitan Council to prioritize its allocation plan in inverse proportion to the percentage of affordable housing available. The Metropolitan Council has objected to this requirement, and for good reason. Instead of focusing its housing efforts on areas where jobs and transportation are available, the bill forces the Council to direct its resources into those areas with the least amount of low-income housing, which may also have the least number of jobs. The Council must have the flexibility to concentrate its efforts where it can achieve the best results.

This bill is also premature. The Metropolitan Council is currently revising the Housing Chapter of its Metropolitan Development Guide. Local officials are actively involved in that process, which will be completed in the fall. This bill disregards that effort. In addition, the bill calls for a concurrent study of metropolitan governance (an arguably unrelated subject), which could significantly reshape the Metropolitan Council and its role in affordable housing. The Housing Chapter and any Council reorganization should be completed before the Council is directed to take on this additional authority.

Instead of imposing housing quotas on local government, the Metropolitan Council along with the Housing Finance Agency should work with individual communities that have identified housing problems, to design programs specifically tailored to their unique needs and identify incentives to encourage the actual development of affordable housing. All of these things can be accomplished without additional legislation.

My rejection of this bill should not be construed as a lack of support for affordable housing or the objectives identified above. In fact, I will be appointing a blue ribbon task force to study this issue over the next several months. The task force will be charged with conducting an inventory of existing affordable housing stock, analyzing unmet housing needs, identifying incentives for the development of affordable housing, and studying the interplay between housing, economic development, job creation, and transportation. Members of this task force will include representatives from the Housing Finance Agency, Metropolitan Council, local government and HRAs, building trades, Regional Transit Board, local chambers and other organizations and individuals interested in this important issue. The task force will report its findings and recommendations by January 15, 1994, so that any necessary legislation can be enacted during the 1994 session.

Finally, House File No. 671 would also create an advisory council on metropolitan governance. I agree that the current structure is in need of review, and possibly major overhaul. However, the bill does not require a balanced advisory council, leaving open the possibility of a report driven by party politics. This important issue must be addressed through a process that transcends any question of impurity.

Warmest regards,

ARNE H. CARLSON
Governor

[NOTE: Pursuant to Joint Rule 3.2(c), the above vetoed bill, H. F. No. 671 (Chapter 234), which was returned to the House by the Governor with his objections was laid on the table.]

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 19, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 262, House File No. 443/Senate File No. 607.

My message has been clear and unwavering throughout this biennial process. I will not accept a tax increase on the already overburdened taxpayers in Minnesota. It is my contention that our projected 10.4 percent increase in revenue for this budget period is adequate to fund the growth of state government.

The personal income tax increase in this bill is particularly troublesome for the following reasons. First, I do not believe that this increase is limited to the top 1.7 percent of Minnesotans. The spending commitments exercised in this legislation will be built into the base of the FY96 and FY97 base. The impact two years from now is that this tax increase will then be extended down to the next level of taxpayers to meet this future obligation. This spiral will continue with additional unchecked spending.

Second, it has been asserted that this segment of taxpayers have reaped the benefits of federal tax law changes. However, changes enacted in Minnesota have resulted in significant income tax increases for taxpayers with incomes over \$100,000. The 1987 income tax reforms increased their annual taxes by an estimated \$57 million; tax law changes in 1991 and 1992 further increased their taxes by a total of almost \$50 million a year.

Third, Minnesota's personal income tax is the fifth highest in the nation. Our current top marginal rate of 8.5 percent is tenth highest in the nation. An increase in rate to 10 percent would raise our rank to fourth in the nation (tied with Hawaii). Obviously, our high tax ranking impedes our business competitiveness. In turn, this hurts our ability to maintain and create jobs which I will not tolerate.

The educational spending items in this bill are acceptable and conceptually in concert with the prioritization of our children in my budget. I hope we can work together toward true education reform in the next regular legislative session. Our children deserve better than the treatment afforded to them in this political piece of legislation.

Warmest regards,

ARNE H. CARLSON
Governor

[NOTE: Pursuant to Joint Rule 3.2(c), the above vetoed bill, H. F. No. 443 (Chapter 262), which was returned to the House by the Governor with his objections was laid on the table.]

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 19, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 264, House File No. 571/Senate File No. 511, a bill relating to education.

I support the intent of this bill but identical language is contained in the Omnibus Education Bill which I signed on May 17, 1993. The language dealing with this issue is in Article 9, sections 36, 43 and 55 line 29.

Since this language is already in law, I see no reason to enact the same language again. This is redundant and unnecessary.

Warmest regards,

ARNE H. CARLSON
Governor

[NOTE: Pursuant to Joint Rule 3.2(c), the above vetoed bill, H. F. No. 571 (Chapter 264), which was returned to the House by the Governor with his objections was laid on the table.]

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 19, 1993

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

Dear Speaker Long:

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

H. F. No. 931, relating to motor fuels; increasing minimum oxygen content in certain areas at certain times.

H. F. No. 1039, relating to auctioneers; prohibiting certain cities and towns from requiring additional licenses of persons licensed as auctioneers by a county.

H. F. No. 454, relating to economic development; requiring a summary of performance measures for business loan or grant programs from the department of trade and economic development; creating a task force on the state's economic future and competitiveness.

H. F. No. 1151, relating to employment; requiring wage payments at certain times.

H. F. No. 1133, relating to energy; directing the public service department to evaluate and implement a policy to promote the use of motor vehicles powered by alternate fuels; appropriating money.

H. F. No. 1259, relating to the city of Minneapolis; extending authority to guarantee certain loans.

H. F. No. 94, relating to motor vehicles; exempting certain manufacturers of snowmobile trailers from being required to have a dealer's license to transport the trailers.

H. F. No. 1436, relating to the environment; appropriating money from the metropolitan landfill contingency trust fund to the commissioner of the pollution control agency for reimbursement to the city of Hopkins for remediation of methane at the city landfill.

H. F. No. 1205, relating to courts; making the housing calendar consolidation projects in the second and fourth judicial districts permanent law; changing certain definitions relating to housing; providing for changes in certain housing reports.

H. F. No. 1114, relating to game and fish; funding for wildlife habitat; defining terms; possession of firearms in deer zones; stamp design; financing waterfowl development; shipment of wild animals taken in Canada; training of hunting dogs; transportation of firearms by disabled hunters; clothing requirements; firearms permits for disabled; taking of deer; nonresident fish house license fees; seasons for taking raccoon, muskrat, mink, otter, and beaver; seasons for and tagging of fur-bearing animals; ice fishing contests in conjunction with raffles; rough fish taking by nonresidents; importation of minnows; taking, possession, transportation, sale, and purchase of mussels; use of certain appropriated funds.

H. F. No. 1524, relating to finance; providing conditions and requirements for the issuance of public debt and for the financial obligations of authorities; providing an exemption from the mortgage registration tax; providing an exemption from an ad valorem taxation for certain lease purchase property; providing a property tax exemption for certain property devoted to public use; regulating certain exempt securities transactions; changing the applicability of deductions from certain bond entitlement allocations.

H. F. No. 988, relating to game and fish; allowing the taking of two deer in designated counties during the 1993 and 1994 hunting seasons.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1993	Date Filed 1993
	931	250	8:31 a.m. May 19	May 19
	1039	251	8:33 a.m. May 19	May 19
	454	252	8:24 a.m. May 19	May 19
	1151	253	8:23 a.m. May 19	May 19
	1133	254	8:34 a.m. May 19	May 19
1171		255	8:23 a.m. May 19	May 19
1129		257	8:23 a.m. May 19	May 19
	1259	258	8:26 a.m. May 19	May 19
	94	259	8:22 a.m. May 19	May 19
	1436	263	8:34 a.m. May 19	May 19
	1205	265	8:24 a.m. May 19	May 19
413		267	8:28 a.m. May 19	May 19
512		268	8:30 a.m. May 19	May 19
	1114	269	8:22 a.m. May 19	May 19
236		270	8:20 a.m. May 19	May 19
	1524	271	8:21 a.m. May 19	May 19
	988	273	8:33 a.m. May 19	May 19
192		274	8:26 a.m. May 19	May 19
1320		276	8:26 a.m. May 19	May 19
880		279	8:30 a.m. May 19	May 19
1367		282	8:20 a.m. May 19	May 19
304		283	8:27 a.m. May 19	May 19
1315		288	8:26 a.m. May 19	May 19
273		289	8:25 a.m. May 19	May 19

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 19, 1993

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

Dear Speaker Long:

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

H. F. No. 287, relating to waste management; encouraging local government units to use purchasing techniques to reduce waste and develop markets for recycled products; prohibiting burning and burial of harmful materials on farms; defining packaging and recycling facility; prohibiting disposal of unprocessed mixed municipal solid waste; extending the time to construct certain projects with grant money; authorizing counties to count waste reduction toward 1996 recycling goals; regulating management of certain automobile waste; providing for county management and service contracts; requiring local government units to separately account for all revenue and spending related to waste management; requiring collectors of solid waste to disclose where the waste is deposited; prohibiting fluorescent and high intensity discharge lamps in solid waste; clarifying that organized waste collection is one of several tools

for cities and counties to use to collect waste; requiring labeling of hazardous products; requiring reporting of tipping fee schedules at all waste facilities; requiring owners or operators of waste facilities that are publicly financed to account for charges and expenditures related to the facilities; regulating lamp recycling facilities; requiring electric utilities to encourage use of fluorescent and high intensity discharge lamps and requiring certain utilities to collect spent lamps; requiring a study of collection of such lamps; extending by one year the solid waste field citation pilot program; clarifying the effects of the repeal of the metropolitan landfill siting process; requiring an environmental enforcement policy; providing for reports.

H. F. No. 74, relating to local government; authorizing the city of Minneapolis, special school district No. 1, the city library board, and the city park and recreation board to impose residency requirements.

H. F. No. 1709, relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; modifying funds; creating a justice information policy group; providing for regulation of certain activities and practices; increasing fees.

H. F. No. 584, relating to utilities; regulating telephone services to communication-impaired persons; requiring studies and reports.

H. F. No. 208, relating to human rights; prohibiting discrimination against certain persons who have physical or sensory disabilities and who use service animals; clarifying certain language governing transportation of disabled persons; clarifying the commissioner's acceptance of charges.

H. F. No. 994, relating to children; foster care and adoption placement; specifying time limits for compliance with placement preferences; setting standards for changing out-of-home placement; requiring notice of certain adoptions; clarifying certain language; requiring compliance with certain law; appropriating money.

H. F. No. 777, relating to consumers; requiring certain disclosures when consumer reports are used for employment purposes; providing for access to consumer reports.

H. F. No. 1499, relating to consumer protection; providing for training requirements for manual or mechanical therapy; requiring diagnosis of a person's condition before therapy; providing for rulemaking; imposing a penalty.

H. F. No. 251, relating to child abuse reporting; expanding the definition of "neglect" to include failure to provide a child with necessary education; creating a presumption for CHIPS purposes that the absence from school of a child under 12 years old is due to educational neglect.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 20, 1993

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

Dear Speaker Long:

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

H. F. No. 1081, relating to commerce; regulating collection agencies; modifying prohibited practices; requiring notification to the commissioner upon certain employee terminations; repealing inconsistent surety bond and term

and fee rules; regulating credit services organizations; modifying registration and bond requirements; modifying enforcement powers.

H. F. No. 1182, relating to state lands; providing for the release of a state interest in certain property in the city of Minneapolis.

H. F. No. 1149, relating to the agricultural finance authority; authorizing direct loans and participations; increasing the dollar limit; appropriating money.

H. F. No. 1095, relating to insurance; regulating investments, assets and liabilities, and annual statements of companies; providing for continuance of coverage upon liquidation; modifying the definition of resident for purposes of the Minnesota insurance guaranty association; regulating dividends and other distributions of insurance holding company systems; regulating risk retention groups; enacting the NAIC model legislation.

H. F. No. 574, relating to retirement; administrative changes, age discrimination act compliance, death-while-active surviving spouse benefit improvements by the Minnesota state retirement system, the public employees retirement association, and teachers retirement association; providing an open appropriation for payment of state reimbursement for supplemental retirement benefits paid to volunteer firefighters; making changes to Minneapolis employees retirement fund.

H. F. No. 543, relating to state lands; authorizing the sale of certain tax-forfeited land that borders public water in Cook and Sherburne counties; correcting the legal description of the state land to be sold in Anoka county.

H. F. No. 836, relating to game and fish; sale of licenses through subagents; taking deer of either sex by residents under the age of 16; defining certain terms; changing eligibility for certain permits.

H. F. No. 519, relating to recreational vehicles; regulating registration and operation of off-highway motorcycles and off-road vehicles; setting fees and penalties; requiring reports to the legislature; appropriating money.

H. F. No. 531, relating to housing; requiring owner to furnish a tenant with a copy of a written lease; requiring disclosure of inspection and condemnation orders; modifying procedure for tenant file disclosure by tenant screening services; modifying definitions; requiring reports; providing penalties.

H. F. No. 1523, relating to insurance; regulating life insurance and annuity contracts; establishing and regulating the life and health guaranty association; providing for its powers and duties; amending Minnesota Statutes 1992, section 61A.02, subdivisions 2 and 3.

H. F. No. 504, relating to housing; allowing a county authority to operate certain public housing projects without a city resolution; providing that a housing and redevelopment authority may make down payment assistance loans; changing minimum amounts for certain contract letting procedures; authorizing the Duluth housing and redevelopment authority to levy a property tax under general law; changing requirements for general obligation revenue bonds.

H. F. No. 1585, relating to crime prevention; prohibiting drive-by shootings, possession of dangerous weapons and trespassing on school property, negligent storage of firearms, and reckless discharge of firearms; regulating the transfer of semiautomatic military-style assault weapons; prohibiting possession of a device for converting a firearm to fire at the rate of a machine gun; prohibiting carrying rifles and shotguns in public; increasing penalty for repeat violations of pistol carry permit law; providing for forfeiture of vehicles used in drive-by shootings and prostitution; revising and increasing penalties for stalking, harassment, and domestic abuse offenses; providing for improved training, investigation and enforcement of these laws; increasing penalties for and making revisions to certain controlled substance offenses; revising wiretap warrant law; providing for sentence of life without release for first-degree murder of a peace officer; increasing penalties for crimes committed by groups; increasing penalties and improving enforcement of arson and related crimes; making certain changes to restitution and other crime victim laws; revising laws relating to law enforcement agencies, and state and local corrections agencies; making terminology changes and technical corrections related to new felony sentencing law; expanding scope of sex offender registration and DNA specimen provisions; requiring certain counties to establish diversion programs; increasing certain surcharges and fees; expanding community crime reduction grant programs; appropriating money.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 20, 1993

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

Dear Speaker Long:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State Chapter 318, House File No. 201 (with the exception of Article 2, Section 37, subdivision 3(b) on Page 22, Lines 7 and 8).

I have line-item vetoed the open appropriation for the third-tier match program. House File No. 201 distorts Common Cause's match proposal by eliminating the requirement that private matching funds be raised from within a candidate's district. Also, in reality this program would result in a 2:1 public/private match, since the political contribution refund also applies to the private matching funds.

The match program would require that an additional \$1.6 to \$3.5 million of public funds be paid to politicians. While additional public subsidy may be justified to discourage independent expenditures by special interests, the third-tier match is an unnecessary hand-out. The public would be outraged at this abuse of public funds.

Despite its shortcomings, this bill represents the beginning of campaign reform. The dissolution of "Friends of" committees, elimination of transfers, reduction in contribution limits, and elimination of public subsidies for unopposed candidates are encouraging first steps. The mechanism for dealing with independent expenditures and the aggregate limit on PAC contributions are incomplete solutions, and many critical elements, including term limits and ethics reform, have been totally ignored. Accordingly, I will proceed with the bi-partisan electoral reform commission that I previously announced, and I look forward to your support in these efforts to achieve complete campaign and ethics reform.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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> 1993	<i>Date Filed</i> 1993
	287	249	3:40 p.m. May 19	May 19
1187		256	3:43 p.m. May 19	May 19

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 1993</i>	<i>Date Filed 1993</i>
	74	260	2:55 p.m. May 19	May 19
53		261	2:08 p.m. May 19	May 19
	1709	266	3:50 p.m. May 19	May 19
	584	272	10:30 a.m. May 19	May 19
653		275	10:32 a.m. May 19	May 19
	208	277	10:27 a.m. May 19	May 19
1624		278	10:40 a.m. May 19	May 19
566		280	10:32 a.m. May 19	May 19
1221		281	10:36 a.m. May 19	May 19
1046		284	10:35 a.m. May 19	May 19
1074		285	10:37 a.m. May 19	May 19
1105		286	2:06 p.m. May 19	May 19
1275		287	10:38 a.m. May 19	May 19
	994	291	3:46 p.m. May 19	May 19
	777	292	4:40 p.m. May 19	May 19
	1499	293	4:38 p.m. May 19	May 19
	1081	295	3:20 p.m. May 20	May 20
	251	296	3:42 p.m. May 19	May 19
	1182	297	3:22 p.m. May 20	May 20
	1149	298	2:17 p.m. May 20	May 20
	1095	299	2:17 p.m. May 20	May 20
376		300	3:45 p.m. May 20	May 20
1418		301	3:48 p.m. May 20	May 20
452		302	3:21 p.m. May 19	May 19
502		303	2:06 p.m. May 20	May 20
334		304	3:21 p.m. May 20	May 20
918		305	4:37 p.m. May 19	May 19
981		306	2:12 p.m. May 20	May 20
	574	307	3:50 p.m. May 20	May 20
	543	308	2:16 p.m. May 20	May 20
1000		309	2:13 p.m. May 20	May 20
	836	310	2:02 p.m. May 20	May 20
	519	311	2:10 p.m. May 20	May 20
40		312	2:04 p.m. May 20	May 20
1062		313	2:13 p.m. May 20	May 20
1081		314	2:14 p.m. May 20	May 20
580		315	3:47 p.m. May 20	May 20
751		316	3:55 p.m. May 20	May 20
	531	317	2:15 p.m. May 20	May 20
	201*	318	10:58 a.m. May 20	May 20
	1523	319	2:25 p.m. May 20	May 20
	504	320	2:14 p.m. May 20	May 20
	1585	326	2:17 p.m. May 20	May 20

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

[NOTE: * Indicates line-item veto.]

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 20, 1993

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

Dear Speaker Long:

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

H. F. No. 129, relating to the family; providing for suspension of a license for unpaid maintenance; clarifying certain language; modifying provisions for establishment of third-party visitation rights; modifying time period for bringing certain paternity actions; permitting delinquent maintenance payments to be withheld from tax refunds; changing notices required in certain court orders; requiring certain terms in child support orders; providing for third-party compensatory visitation; providing for jurisdiction of certain domestic abuse actions; providing for pleadings to be forwarded; authorizing additional relief.

H. F. No. 1325, relating to housing; modifying the definition of dwelling for smoke detection devices; regulating claims.

H. F. No. 639, relating to insurance; Medicare supplement; regulating coverages; conforming state law to federal requirements; making technical changes.

H. F. No. 1138, relating to agriculture; changing eligibility and participation requirements for certain rural finance authority programs; authorizing an application fee; appropriating money.

H. F. No. 1107, relating to waters; establishing a safe harbors program for Lake Superior; stating powers and duties of the commissioner of natural resources and local authorities in respect thereto; requiring the department of natural resources to recommend methods for control of Eurasian water milfoil in White Bear lake.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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> 1993	<i>Date Filed</i> 1993
532		321	2:08 p.m. May 20	May 20
	129	322	2:10 p.m. May 20	May 20

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 1993</i>	<i>Date Filed 1993</i>
131		323	3:20 p.m. May 20	May 20
1226		324	4:22 p.m. May 20	May 20
1437		327	4:23 p.m. May 20	May 20
869		328	2:10 p.m. May 20	May 20
	1325	329	2:22 p.m. May 20	May 20
	639	330	2:17 p.m. May 20	May 20
	1138	332	2:13 p.m. May 20	May 20
	1107	333	2:18 p.m. May 20	May 20

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 20, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 294, House File No. 623/Senate File No. 474, a bill relating to metropolitan transportation area goals and plans.

This bill represents a classic case of the legislature micro-managing state agencies. It directs the Minnesota Department of Transportation and the Metropolitan Council to include certain specific items in their respective transportation plans. MnDOT and the Metropolitan Council are under extremely capable direction, and have professional staffs dedicated to resolving transportation issues. It is not necessary to enact legislation telling them how to conduct their business. In fact, both organizations have indicated that House File No. 623 adds nothing to their current transportation planning practice or authority.

House File No. 623 would set an undesirable precedent for legislative micro-management of agency affairs, and is unacceptable for that reason.

Warmest regards,

ARNE H. CARLSON
Governor

[NOTE: Pursuant to Joint Rule 3.2(c), the above vetoed bill, H. F. No. 623 (Chapter 294), which was returned to the House by the Governor with his objections was laid on the table.]

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 20, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 331, House File No. 1247/Senate File No. 867, a bill relating to motor vehicles.

At the beginning of the 1993 session the key premise underlying my budget proposal was that state government was going to live within its means. That meant no new taxes, whether they are called fees, surcharges or other contributions from Minnesota taxpayers to their government in Saint Paul. State revenues for the biennium will increase more than 9 percent. That is more than enough to fund existing programs and new initiatives deemed worthwhile.

A surcharge on automobile insurance is a hidden tax on Minnesotans. While I am persuaded that the Michigan program is a good model to reduce auto theft I do not agree with asking taxpayers to pay more and hiding the cost in their insurance premiums.

In addition, the bill creates yet another state board. I believe we have too many boards already and the mission of this board can and should be accomplished by the Department of Public Safety.

Warmest regards,

ARNE H. CARLSON
Governor

[NOTE: Pursuant to Joint Rule 3.2(c), the above vetoed bill, H. F. No. 1247 (Chapter 331), which was returned to the House by the Governor with his objections was laid on the table.]

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 24, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 346, House File No. 373/Senate File No. 891, a bill amending the Public Employees Labor Relations Act (PELRA) and the laws governing private sector labor relations.

This bill would allow the provisions of the first contract negotiated by a new bargaining unit in the public and private sector to be taken to binding arbitration.

I believe that this legislation would remove an important incentive for the parties to carefully negotiate the first contract, thereby leaving the standard contract language provisions to the arbitration process. I believe that these matters are most appropriately negotiated by the employer and employee because of their familiarity with the workplace.

Further I believe this legislation is preempted by federal labor law. As a result, it may place an ill-advised obstacle to the collective bargaining process as envisioned under the National Labor Relations Act (NLRA). Under current law, if employers go over board in their negotiating strategy, they will face severe legal liabilities and penalties. Possibly, the penalty or complaint process needs to be examined. However, we cannot upset the historic balance created over 50 years in the NLRA by the passage of this legislation.

Finally, I object to creating additional negative signals to employers and entrepreneurs who are looking to expand or create jobs in Minnesota.

Warmest regards,

ARNE H. CARLSON
Governor

[NOTE: Pursuant to Joint Rule 3.2(c), the above vetoed bill, H. F. No. 373 (Chapter 346), which was returned to the House by the Governor with his objections was laid on the table.]

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 24, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 348, House File No. 1415/Senate File No. 1501, a bill relating to wheat and barley promotion orders.

This bill would grant wheat and barley promotion councils the ability to levy assessments on wheat and barley grown outside Minnesota but sold within the state. Minnesota producers currently have the opportunity to gain refunds on their assessments but the proposed law would require grain companies, cooperatives, and producers from other states or Canada to pay the assessment without a feasible means of obtaining a refund. This acts as a tax on wheat and barley grown outside Minnesota and violates the principles of domestic interstate commerce as well as Article III of GATT (General Agreement on Tariffs and Trade) and Article 105 of the U. S.-Canada Free Trade Agreement.

Warmest regards,

ARNE H. CARLSON
Governor

[NOTE: Pursuant to Joint Rule 3.2(c), the above vetoed bill, H. F. No. 1415 (Chapter 348), which was returned to the House by the Governor with his objections was laid on the table.]

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 24, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 355, House File No. 31/Senate File No. 17, a bill purporting to guarantee gender balance.

This legislation is virtually identical to a bill I vetoed last year. This year's version does not address my concerns outlined in last year's veto message and the passage of time has only strengthened my feelings on this issue.

First, this is clearly a quota bill. I strongly believe that appointments must be based on merit. If we begin to carve out exceptions to merit, there is no end in sight to the number of specific groups or classes who could argue that they deserve their apportionment on the state's boards and commissions. I will continue to make competence the sole basis for all appointments.

Second, it is interesting to note that, once again, the legislature has exempted its own members from this requirement. This continues the trend of the legislature passing laws to cover everyone but the legislature.

Finally, our record of appointments is exemplary. When Lieutenant Governor Joannell Dyrstad and I took office in January 1991, we gave the people of Minnesota an executive team that represented one of the strongest in the state's history in its inclusion of women, both in numbers and caliber. The extremely talented group of women we appointed brought the state of Minnesota national attention when I was recognized by the National Women's Political Caucus for appointment of women to top-level cabinet positions.

As of the beginning of 1993, 48 percent of our appointments to boards and commissions have been women. I am also proud of our record for appointing minorities, which represent 13 percent of the appointments. I intend to continue this pattern of drawing on all of Minnesota's human resources and talents.

Warmest regards,

ARNE H. CARLSON
Governor

[NOTE: Pursuant to Joint Rule 3.2(c), the above vetoed bill, H. F. No. 31 (Chapter 355), which was returned to the House by the Governor with his objections was laid on the table.]

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 24, 1993

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

Dear Speaker Long:

I have vetoed and am returning Chapter 368, House File No. 1529/Senate File No. 1, a bill relating to a study concerning reorganization of the environmental and natural resources agencies.

I am supportive of the concept of a legislative review of the proposals for reorganization of the environmental agencies proffered this legislative session, and my staff did work closely with the House authors to establish a structure for the proposed study which was acceptable to this administration. Unfortunately, the melding together in conference committee of the House and Senate versions took on many of the cumbersome provisions outlined in the Senate bill and would be untenable to implement. I might point out that the legislature does have the ability under current law to establish a legislative task force and conduct hearings during the interim. Perhaps that would provide a viable alternative to this legislation.

My personal commitment to reorganization of the state's environmental and natural resource agencies to provide for a better delivery of services to the public remains strong and perhaps is best reflected in the legislation introduced for this administration by Senator Morse and Representative Hausman.

Warmest regards,

ARNE H. CARLSON
Governor

[NOTE: Pursuant to Joint Rule 3.2(c), the above vetoed bill, H. F. No. 1529 (Chapter 368), which was returned to the House by the Governor with his objections was laid on the table.]

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 24, 1993

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

Dear Speaker Long:

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

H. F. No. 1486, relating to libraries; requiring the metropolitan council to conduct a study of metropolitan area libraries and library systems and report to the legislature.

H. F. No. 10, relating to education; establishing a comprehensive youth apprenticeship system; appropriating money.

H. F. No. 1042, relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties.

H. F. No. 514, relating to the environment; providing for passive bioremediation; providing for review of agency employee decisions; increasing membership of petroleum tank release compensation board; establishing a fee schedule of costs or criteria for evaluating reasonableness of costs submitted for reimbursement; modifying petroleum tank release cleanup fee; modifying reimbursements; modifying consultant and contractor registration requirements; authorizing board to delegate its reimbursement powers and duties to the commissioner of commerce; requiring a report; authorizing rulemaking; notice of drain tile installation; petroleum tank release compensation board membership; liability of responder to oil discharges; oil spill response plans; assessment of damages; appropriating money.

H. F. No. 1060, relating to agriculture; making technical changes in eligibility for certain rural finance authority loan programs; authorizing an ethanol development program; appropriating money.

H. F. No. 555, relating to insurance; credit; permitting the sale of credit involuntary unemployment insurance; appropriating money.

H. F. No. 1387, relating to employment; requiring Occupational Safety and Health Act compliance by certain independent contractors; requiring certain studies and reports on independent contractors.

H. F. No. 1178, relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating integrated service networks; requiring regulation of health care services not provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for classification of certain tax data; requiring certain studies; appropriating money.

H. F. No. 1245, relating to data practices; providing for the collection, classification, and dissemination of data; proposing classifications of data as not public; classifying certain licensing data, educational data, security service data, motor carrier operating data, retirement data and other forms of data.

H. F. No. 570, relating to retirement; the public employees retirement association; changing employee and employer contribution rates; changing benefits under certain consolidations; increasing the pension benefit multiplier for the public employees police and fire fund.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 24, 1993

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

Dear Speaker Long:

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

H. F. No. 1063, relating to commerce; currency exchanges; changing the date for submission of license renewal applications; relating to notaries public; making various technical changes; providing for the appointment and powers of notaries; prescribing penalties.

H. F. No. 1253, relating to energy; cogeneration and small power production; providing for establishment of prices paid for utilities' avoided capacity and energy costs; providing that the public utilities commission establish a preference for renewable resource energy production.

H. F. No. 795, relating to insurance; no-fault auto; excluding certain vehicles from the right of indemnity granted by the no-fault act.

H. F. No. 1658, relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities.

H. F. No. 1225, relating to agriculture; providing for the continued use of unregistered pesticides; modifying procedures for the return of empty pesticide containers and unused portions of pesticides; changing the amounts of the ACCRA surcharges; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; making changes in the laws on pesticides and agricultural chemicals; changing provisions regarding the pricing of certain dairy products; repealing the hazardous substance labeling act; requiring studies; maintaining an agriculture education specialist; transferring certain funds; appropriating money.

H. F. No. 1377, relating to public administration; making telephone records of public officials public data; providing oversight for administrative expenses; regulating administrative rulemaking procedures.

H. F. No. 1749, 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; authorizing issuance of bonds and canceling previous authorizations; appropriating money, with certain conditions and reducing certain appropriations.

H. F. No. 125, relating to education; making corrections to the 1993 omnibus education finance law; authorizing a levy in independent school district No. 256, Red Wing.

H. F. No. 427, relating to the financing and operation of state and local government; revising the operation of the local government trust fund; modifying the administration, computation, collection, and enforcement of taxes; changing tax rates, bases, credits, exemptions, withholding, and payments; modifying property tax provisions relating to procedures, valuation, levies, classifications, exemptions, notices, hearings, and assessors; adjusting formulas of state aids to local governments; providing for the establishment and operation of special service districts; authorizing establishment of an ambulance district; modifying definitions in the property tax refund law and providing a source of funding for the refunds; authorizing and changing requirements for special assessments; modifying provisions governing the establishment and operation of tax increment financing districts; establishing a process by which local governments may obtain waivers of state rules and laws establishing procedures; establishing a board of government innovation and cooperation and authorizing it to provide grants to encourage cooperation and innovation by local governments; authorizing imposition of local taxes; imposing a sports bookmaking tax; changing certain bonding and local government finance provisions; enacting provisions relating to certain cities, counties, and special taxing districts; imposing a tax on contaminated property and providing for use of the proceeds; conforming with changes in the federal income tax law; clarifying an income tax apportionment formula; modifying taconite production tax provisions, and increasing the distribution of the proceeds to the taconite economic development fund; modifying the availability of tax incentives and preferences; providing additional allocations to border city enterprise zones; providing for a budget reserve and cash flow account transfer; revising penalty, notification, and publication provisions of the unfair cigarette sales act; defining terms and changing definitions; establishing advisory councils; requiring reports and studies; classifying data; making technical corrections, clarifications, and administrative changes to various taxes and to tax administration and enforcement; changing and imposing penalties; appropriating money.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 24, 1993

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

Dear Speaker Long:

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

of State Chapter 369, House File No. 1650/Senate File No. 1557, (with the exception of Page 9, Lines 12-17; Page 10, Line 45; Page 16, Lines 27-38, and Page 113, Lines 11-13).

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1993	Date Filed 1993
	1486	334	6:06 p.m. May 24	May 24
	10	335	12:12 p.m. May 24	May 24
625		336	5:46 p.m. May 24	May 24
1054		337	12:22 p.m. May 24	May 24
1077		338	12:10 p.m. May 24	May 24
748		339	12:09 p.m. May 24	May 24
	1042	340	12:14 p.m. May 24	May 24
	514	341	5:50 p.m. May 24	May 24
	1060	342	12:15 p.m. May 24	May 24
	555	343	5:50 p.m. May 24	May 24
	1387	344	5:52 p.m. May 24	May 24
	1178	345	12:15 p.m. May 24	May 24
694		347	5:46 p.m. May 24	May 24
429		350	5:47 p.m. May 24	May 24
	1245	351	5:53 p.m. May 24	May 24
	570	352	12:03 p.m. May 24	May 24
414		353	12:05 p.m. May 24	May 24
	1063	354	6:27 p.m. May 24	May 24
	1253	356	12:18 p.m. May 24	May 24
553		357	5:45 p.m. May 24	May 24
1297		358	5:48 p.m. May 24	May 24
176		361	5:44 p.m. May 24	May 24
	795	362	5:51 p.m. May 24	May 24
	1658	363	5:53 p.m. May 24	May 24
663		364	12:08 p.m. May 24	May 24
1368		365	12:12 p.m. May 24	May 24
1642		366	5:46 p.m. May 24	May 24

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 1993</i>	<i>Date Filed 1993</i>
	1225	367	5:52 p.m. May 24	May 24
	1650*	369	6:24 p.m. May 24	May 24
	1377	370	12:20 p.m. May 24	May 24
636		371	12:06 p.m. May 24	May 24
1114		372	5:49 p.m. May 24	May 24
	1749	373	5:54 p.m. May 24	May 24
	125	374	12:13 p.m. May 24	May 24
	427	375	5:54 p.m. May 24	May 24

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

[NOTE: * Indicates line-item veto.]

DISPOSITION OF BILLS UPON ADJOURNMENT

REPORT PURSUANT TO HOUSE RULE 9.04

Pursuant to House Rule 9.04, the following bills were returned to the standing committee last acting on the bill:

S. F. No. 238 to the Committee on Agriculture.

H. F. Nos. 712, 738, 739, 879, 902 and 1511 to the Committee on Education.

H. F. Nos. 250, 513, 763 and 1186 to the Committee on Environment and Natural Resources.

H. F. No. 390 to the Committee on Environment and Natural Resources Finance.

H. F. Nos. 187 and 619 and S. F. No. 1333 to the Committee on Financial Institutions and Insurance.

H. F. Nos. 323 and 377 to the Committee on General Legislation, Veterans Affairs and Elections.

H. F. Nos. 132, 506 and 598 and S. F. Nos. 409, 788, 860 and 1064 to the Committee on Governmental Operations and Gambling.

H. F. Nos. 494 and 1496 to the Committee on Health and Human Services.

H. F. No. 1608 to the Committee on Housing.

H. F. Nos. 416 and 1495 to the Committee on Judiciary.

H. F. Nos. 540 and 1184 and S. F. No. 225 to the Committee on Labor-Management Relations.

H. F. Nos. 431 and 1435 to the Committee on Local Government and Metropolitan Affairs.

H. F. Nos. 771 and 991 to the Committee on Regulated Industries and Energy.

H. F. No. 467 to the Committee on Taxes.

H. F. Nos. 815 and 1547 to the Committee on Transportation and Transit.

REPORT PURSUANT TO JOINT RULE 3.2(a)

Pursuant to Joint Rule 3.2(a), H. F. Nos. 238, 1094 and 1311, which were being considered by a Conference Committee at the time of adjournment, were returned to the House, laid on the table, and the Conference Committees were discharged.

REPORT PURSUANT TO JOINT RULE 3.2(c)

Pursuant to Joint Rule 3.2(c), the following bills which were returned to the House by the Governor with his objections following adjournment were laid on the table: H. F. Nos. 31, 373, 443, 571, 623, 671, 1247, 1415 and 1529.

CERTIFICATE

I certify that the Journal of the House for Monday, May 17, 1993, including subsequent proceedings, has been corrected and is hereby approved.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

JOURNAL
OF THE
HOUSE
OF REPRESENTATIVES
SPECIAL SESSION
OF THE
LEGISLATURE
STATE OF MINNESOTA

1993

STATE OF MINNESOTA
SPECIAL SESSION — 1993

FIRST DAY

SAINT PAUL, MINNESOTA, THURSDAY, MAY 27, 1993

In obedience to the Proclamation of the Honorable Arne H. Carlson, Governor of the State of Minnesota, summoning the two Houses of the Legislature to meet in Special Session, the members of the House of Representatives assembled in the Chamber of the House of Representatives at the Capitol in Saint Paul on Thursday, the twenty-seventh day of May 1993, at 10:00 a.m.

PROCLAMATION FOR SPECIAL SESSION 1993

Whereas, The Seventy-Eighth Legislature adjourned without enacting essential legislation to provide for the orderly financial management of state government; and

Whereas, The time permitted by law for passage of such legislation during the 1993 Session of the Legislature has expired, and an extraordinary occasion is thereby created; and

Whereas, Article IV, Section 12 of the Constitution of the State of Minnesota provides that a special session of the Legislature may be called on extraordinary occasions; and

Whereas, The people of Minnesota are best served by an orderly conclusion of legislative business, with a limited agenda and prior agreement on laws to be enacted; and

Whereas, Elected leaders of the legislature have agreed on an agenda and procedures to complete a special session on May 27, 1993;

Now, Therefore, I, Arne H. Carlson, Governor of the State of Minnesota, do hereby summon you, members of the Legislature, to convene in Special Session on Thursday, May 27, 1993, at 10:00 a.m. at the Capitol in Saint Paul, Minnesota.

In Witness Whereof, I have hereunto set my hand and caused the Great Seal of the State of Minnesota to be affixed at the State Capitol this twenty-sixth day of May in the year of our Lord one thousand nine hundred and ninety-three, and of the State the one hundred thirty-fifth.

JOAN ANDERSON GROWE
Secretary of State

ARNE H. CARLSON
Governor

At the hour of 10:00 a.m. and pursuant to the Proclamation of the Governor and pursuant to Minnesota Statutes 1992, Section 3.073, the Honorable Dee Long, Speaker of the House, called the House of Representatives to order.

Prayer was offered by Monsignor James D. Habiger, Executive Director, Minnesota Catholic Conference, St. Paul, Minnesota.

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

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced that Wally Sparby in a letter addressed to the Governor resigned as State Representative from District 1B effective May 18, 1993.

The roll was called and the following members were present:

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

A quorum was present.

Bettermann, Bishop, Clark, Hausman, Lourey, Morrison, Vellenga and Welle were excused.

Pursuant to Minnesota Statutes 1992, Section 3.073, the Speaker declared the House of Representatives organized for the 1993 Special Session.

Anderson, I., moved that the Chief Clerk be and is hereby instructed to inform the Senate and the Governor by message that the House of Representatives is now duly organized pursuant to law for this Special Session. The motion prevailed.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Greenfield and Anderson, R., introduced:

H. F. No. 1, A bill for an act relating to human services; appropriating money for human services; amending Minnesota Statutes 1992, sections 62A.045; 116.76, subdivision 14; 116.78, subdivisions 4 and 7; 116.79, subdivisions 1 and 4; 116.80, subdivisions 1 and 2; 116.81, subdivision 1; 116.82, subdivision 3; 116.83, subdivisions 1 and 3; 144.122; 144.123, subdivision 1; 144.215, subdivision 3, and by adding a subdivision; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.8091, subdivision 1; 144.871, subdivisions 2, 6, 7a, 7b, 9, and by adding subdivisions; 144.872, subdivisions 2, 3, 4, and by adding a subdivision; 144.873; 144.874, subdivisions 1, 2, 3, 4, 5, 6, 9, and by adding subdivisions; 144.876, by adding a subdivision; 144.878, subdivisions 2, 2a, and 5; 144.98, subdivision 5; 144A.04, subdivision 7; 144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 145.883, subdivision 5; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6; 148C.02; 148C.03, subdivisions 1, 2, and 3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04; 157.045; 198.34; 214.01, subdivision 2; 214.04, subdivision 1; 214.06, subdivision 1, and by adding

a subdivision; 245.462, subdivisions 4 and 20; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.484; 245.4871, subdivision 4; 245.4873, subdivision 2; 245.4882, subdivision 5; 245.652, subdivisions 1 and 4; 245.73, subdivisions 2, 3, and by adding a subdivision; 246.0135; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions; 252.275, subdivisions 1 and 8; 252.41, subdivision 3; 252.46; 252.47; 252.50, by adding a subdivision; 252A.101, subdivision 7; 252A.111, subdivision 4; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 254B.06, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.032, subdivision 11; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 8, 9, as amended, 9a, as amended, 20, as amended, 22, as amended, and by adding subdivisions; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.04, subdivision 16; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595; 256B.0625, subdivisions 3, 6a, 7, 11, 13, 13a, 14, 15, 17, 19a, 20, 27, 28, 29, and by adding subdivisions; 256B.0627, subdivisions 1, 4, and 5; 256B.0628, subdivision 2; 256B.0629, subdivision 4; 256B.0911, subdivisions 2, 3, 4, 6, 7, and by adding a subdivision; 256B.0913, subdivisions 4, 5, 9, 12, 13, and 14; 256B.0915, subdivisions 1, 3, and by adding subdivisions; 256B.0917, subdivisions 1, 2, 3, 4, 5, 11, and 12; 256B.093, subdivisions 1 and 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a subdivision; 256B.431, subdivisions 2b, 2o, 13, 14, 15, 21, and by adding subdivisions; 256B.432, subdivision 5, and by adding a subdivision; 256B.47, subdivision 3; 256B.48, subdivisions 1 and 2; 256B.49, by adding a subdivision; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 3g, 3i, 12, and by adding a subdivision; 256D.01, subdivision 1a; 256D.02, subdivision 5; 256D.03, subdivisions 3, 4, and 8; 256D.04; 256D.05, by adding a subdivision; 256D.051, subdivisions 1 and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256F.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 2, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.59, subdivision 3; 257.73, subdivision 1; 257.74, subdivision 1; 257.803, subdivision 1; 259.40, subdivisions 1, 2, 3, 4, 5, 7, 8, and 9; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 462A.03, subdivision 15; 518.156, subdivision 1; 518.551, subdivision 5; 518.611, subdivisions 1, 2, 6, and by adding a subdivision; 518.613, subdivisions 2, 3, and 4; 518.64, subdivision 2; 525.539, subdivision 2; 525.551, subdivision 7; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, sections 54; and 57, subdivisions 1 and 3; Laws 1992, chapter 513, article 7, section 131; and Laws 1993, chapter 20, by adding a section; proposing coding for new law in Minnesota Statutes, chapters 115C; 116; 144; 198; 214; 245; 252; 254A; 256; 256B; 256E; 256F; 257; 514; proposing coding for new law as Minnesota Statutes, chapters 144C; and 246B; repealing Minnesota Statutes 1992, sections 116.76, subdivision 7; 116.79, subdivision 3; 116.81, subdivision 2; 116.83, subdivision 2; 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; 148B.72; 214.141; 245.711; 245.712; 252.46, subdivisions 12, 13, and 14; 252.478; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c.

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, Greenfield moved that the rule therein be suspended and an urgency be declared so that H. F. No. 1 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Greenfield moved that the Rules of the House be so far suspended that H. F. No. 1 be given its second and third readings and be placed upon its final passage. The motion prevailed.

H. F. No. 1 was read for the second time.

H. F. No. 1, A bill for an act relating to human services; appropriating money for human services; amending Minnesota Statutes 1992, sections 62A.045; 116.76, subdivision 14; 116.78, subdivisions 4 and 7; 116.79, subdivisions 1 and 4; 116.80, subdivisions 1 and 2; 116.81, subdivision 1; 116.82, subdivision 3; 116.83, subdivisions 1 and 3; 144.122; 144.123, subdivision 1; 144.215, subdivision 3, and by adding a subdivision; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.8091, subdivision 1; 144.871, subdivisions 2, 6, 7a, 7b, 9, and by adding subdivisions; 144.872, subdivisions 2, 3, 4, and by adding a subdivision; 144.873; 144.874, subdivisions 1, 2, 3, 4, 5, 6, 9, and by adding subdivisions; 144.876, by adding a subdivision; 144.878, subdivisions 2, 2a, and 5; 144.98, subdivision 5; 144A.04, subdivision 7; 144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 145.883, subdivision 5; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6; 148C.02; 148C.03, subdivisions 1, 2, and

3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04; 157.045; 198.34; 214.01, subdivision 2; 214.04, subdivision 1; 214.06, subdivision 1, and by adding a subdivision; 245.462, subdivisions 4 and 20; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.484; 245.4871, subdivision 4; 245.4873, subdivision 2; 245.4882, subdivision 5; 245.652, subdivisions 1 and 4; 245.73, subdivisions 2, 3, and by adding a subdivision; 246.0135; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions; 252.275, subdivisions 1 and 8; 252.41, subdivision 3; 252.46; 252.47; 252.50, by adding a subdivision; 252A.101, subdivision 7; 252A.111, subdivision 4; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 254B.06, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.032, subdivision 11; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 8, 9, as amended, 9a, as amended, 20, as amended, 22, as amended, and by adding subdivisions; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.04, subdivision 16; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595; 256B.0625, subdivisions 3, 6a, 7, 11, 13, 13a, 14, 15, 17, 19a, 20, 27, 28, 29, and by adding subdivisions; 256B.0627, subdivisions 1, 4, and 5; 256B.0628, subdivision 2; 256B.0629, subdivision 4; 256B.0911, subdivisions 2, 3, 4, 6, 7, and by adding a subdivision; 256B.0913, subdivisions 4, 5, 9, 12, 13, and 14; 256B.0915, subdivisions 1, 3, and by adding subdivisions; 256B.0917, subdivisions 1, 2, 3, 4, 5, 11, and 12; 256B.093, subdivisions 1 and 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a subdivision; 256B.431, subdivisions 2b, 2c, 13, 14, 15, 21, and by adding subdivisions; 256B.432, subdivision 5, and by adding a subdivision; 256B.47, subdivision 3; 256B.48, subdivisions 1 and 2; 256B.49, by adding a subdivision; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 3g, 3i, 12, and by adding a subdivision; 256D.01, subdivision 1a; 256D.02, subdivision 5; 256D.03, subdivisions 3, 4, and 8; 256D.04; 256D.05, by adding a subdivision; 256D.051, subdivisions 1 and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256F.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 2, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.59, subdivision 3; 257.73, subdivision 1; 257.74, subdivision 1; 257.803, subdivision 1; 259.40, subdivisions 1, 2, 3, 4, 5, 7, 8, and 9; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 462A.03, subdivision 15; 518.156, subdivision 1; 518.551, subdivision 5; 518.611, subdivisions 1, 2, 6, and by adding a subdivision; 518.613, subdivisions 2, 3, and 4; 518.64, subdivision 2; 525.539, subdivision 2; 525.551, subdivision 7; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, sections 54; and 57, subdivisions 1 and 3; Laws 1992, chapter 513, article 7, section 131; and Laws 1993, chapter 20, by adding a section; proposing coding for new law in Minnesota Statutes, chapters 115C; 116; 144; 198; 214; 245; 252; 254A; 256; 256B; 256E; 256F; 257; 514; proposing coding for new law as Minnesota Statutes, chapters 144C; and 246B; repealing Minnesota Statutes 1992, sections 116.76, subdivision 7; 116.79, subdivision 3; 116.81, subdivision 2; 116.83, subdivisions 2; 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; 148B.72; 214.141; 245.711; 245.712; 252.46, subdivisions 12, 13, and 14; 252.478; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c.

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 102 yeas and 22 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dehler	Jaros	Lieder	Olson, K.	Rice	Trimble
Anderson, R.	Delmont	Jefferson	Luther	Opatz	Rodosovich	Tunheim
Asch	Dempsey	Johnson, A.	Macklin	Orenstein	Rukavina	Van Dellen
Battaglia	Dorn	Johnson, R.	Mahon	Orfield	Sarna	Vickerman
Bauerly	Erhardt	Johnson, V.	McCollum	Osthoff	Seagren	Wagenius
Beard	Evans	Kahn	McGuire	Ostrom	Sekhon	Waltman
Bergson	Farrell	Kelley	Milbert	Ozment	Simoneau	Weaver
Bertram	Garcia	Kelso	Molnau	Pawlenty	Skoglund	Wejcman
Brown, C.	Goodno	Kinkel	Mosel	Pelowski	Smith	Winter
Brown, K.	Greenfield	Klinzing	Munger	Perlt	Solberg	Wolf
Carlson	Greiling	Knickerbocker	Murphy	Peterson	Steensma	Worke
Carruthers	Gruenes	Koppendraye	Neary	Pugh	Sviggum	Spk. Long
Cooper	Gutknecht	Krueger	Nelson	Reding	Swenson	
Dauner	Huntley	Lasley	Ness	Rest	Tomassoni	
Dawkins	Jacobs	Leppik	Olson, E.	Rhodes	Tompkins	

Those who voted in the negative were:

Abrams	Frerichs	Holsten	Limmer	Olson, M.	Wenzel
Blatz	Girard	Hugoson	Lindner	Onnen	Workman
Commers	Hasskamp	Kalis	Lynch	Pauly	
Davids	Haukoos	Krinkie	Mariani	Stanius	

The bill was passed and its title agreed to.

INTRODUCTION AND FIRST READING OF HOUSE BILLS, Continued

The following House File was introduced:

Anderson, I.; Long; Solberg; Sviggum and Rest introduced:

H. F. No. 2, A bill for an act relating to state government; providing for replacement of a state airplane; providing for a budget contingency plan; appropriating money; amending Minnesota Statutes 1992, section 360.024.

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, I., moved that the rule therein be suspended and an urgency be declared so that H. F. No. 2 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Anderson, I., moved that the Rules of the House be so far suspended that H. F. No. 2 be given its second and third readings and be placed upon its final passage. The motion prevailed.

H. F. No. 2 was read for the second time.

H. F. No. 2, A bill for an act relating to state government; providing for replacement of a state airplane; providing for a budget contingency plan; appropriating money; amending Minnesota Statutes 1992, section 360.024.

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 106 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Abrams	Commers	Girard	Johnson, A.	Lieder	Ness	Reding
Anderson, I.	Cooper	Goodno	Johnson, R.	Limmer	Olson, E.	Rest
Anderson, R.	Dauner	Greenfield	Johnson, V.	Lindner	Olson, M.	Rhodes
Battaglia	Davids	Greiling	Kahn	Lynch	Onnen	Rice
Bauerly	Dawkins	Gruenes	Kalis	Mahon	Opatz	Rukavina
Beard	Dehler	Gutknecht	Kelley	McCollum	Orfield	Sarna
Bergson	Delmont	Haukoos	Kelso	McGuire	Osthoff	Seagren
Bertram	Dempsey	Holsten	Kinkel	Molnau	Ozment	Simoneau
Blatz	Erhardt	Hugoson	Klinzing	Mosel	Pauly	Smith
Brown, C.	Evans	Jacobs	Knickerbocker	Mungcr	Pawlenty	Solberg
Brown, K.	Farrell	Jaros	Koppendraye	Murphy	Perlt	Stanius
Carlson	Frerichs	Jefferson	Krueger	Neary	Peterson	Steenasma
Carruthers	Garcia	Jennings	Leppik	Nelson	Pugh	Sviggum

Swenson	Trimble	Vickerman	Wenzel	Worke
Tomassoni	Tunheim	Waltman	Winter	Workman
Tompkins	Van Dellen	Weaver	Wolf	Spk. Long

Those who voted in the negative were:

Asch	Huntley	Luther	Olson, K.	Pelowski	Skoglund
Dorn	Krinkie	Macklin	Orenstein	Rodosovich	Wagenius
Hasskamp	Lasley	Mariani	Ostrom	Sekhon	Wejman

The bill was passed and its title agreed to.

INTRODUCTION AND FIRST READING OF HOUSE BILLS, Continued

The following House File was introduced:

McGuire and Blatz introduced:

H. F. No. 3, A bill for an act relating to crime; clarifying certain sentencing provisions relating to repeat violators of the domestic abuse or harassment crimes; correcting an erroneous cross reference; amending Minnesota Statutes 1992, sections 518B.01, subdivision 14, as amended; 609.224, subdivisions 2, as amended, 4, as added; 609.748, subdivision 6, as amended; and Laws 1993, chapter 326, article 2, section 22, subdivision 4.

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, McGuire moved that the rule therein be suspended and an urgency be declared so that H. F. No. 3 be given its second and third readings and be placed upon its final passage. The motion prevailed.

McGuire moved that the Rules of the House be so far suspended that H. F. No. 3 be given its second and third readings and be placed upon its final passage. The motion prevailed.

H. F. No. 3 was read for the second time.

H. F. No. 3, A bill for an act relating to crime; clarifying certain sentencing provisions relating to repeat violators of the domestic abuse or harassment crimes; correcting an erroneous cross reference; amending Minnesota Statutes 1992, sections 518B.01, subdivision 14, as amended; 609.224, subdivisions 2, as amended, 4, as added; 609.748, subdivision 6, as amended; and Laws 1993, chapter 326, article 2, section 22, 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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Battaglia	Bertram	Carlson	Dauner	Delmont	Evans
Anderson, I.	Bauerly	Blatz	Carruthers	Davids	Dempsey	Farrell
Anderson, R.	Beard	Brown, C.	Commers	Dawkins	Dorn	Frerichs
Asch	Bergson	Brown, K.	Cooper	Dehler	Erhardt	Garcia

Girard	Jennings	Lasley	Mosel	Ostrom	Sarna	Tunheim
Goodno	Johnson, A.	Leppik	Munger	Ozment	Seagren	Van Dellen
Greenfield	Johnson, R.	Lieder	Murphy	Pauly	Sekhon	Vickerman
Greiling	Johnson, V.	Limmer	Neary	Pawlienty	Simoneau	Wagenius
Gruenes	Kahn	Lindner	Nelson	Pelowski	Skoglund	Waltman
Gutknecht	Kalis	Luther	Ness	Perlt	Smith	Weaver
Hasskamp	Kelley	Lynch	Olson, E.	Peterson	Solberg	Wejcman
Haukoos	Kelso	Macklin	Olson, K.	Pugh	Stanius	Wenzel
Holsten	Kinkel	Mahon	Olson, M.	Reding	Steensma	Winter
Hugoson	Klinzing	Mariani	Onnen	Rest	Sviggum	Wolf
Huntley	Knickerbocker	McCollum	Opatz	Rhodes	Swenson	Worke
Jacobs	Koppendrayner	McGuire	Orenstein	Rice	Tomassoni	Workman
Jaros	Krinkie	Milbert	Orfield	Rodosovich	Tompkins	Spk. Long
Jefferson	Krueger	Molnau	Osthoff	Rukavina	Trimble	

The bill was passed and its title agreed to.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

This is to notify you that the Senate is now duly organized for the Special Session pursuant to the Minnesota Constitution and Minnesota Statutes.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2, A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; prescribing changes in eligibility and in duties and responsibilities for certain financial assistance programs; prescribing fees; adjusting certain duties and powers of the higher education coordinating board; prescribing certain changes for post-secondary systems; establishing an instructional telecommunications council; providing for grants from the higher education coordinating board for regional linkages and coordination; authorizing the state board of community colleges to use higher education facilities authority revenue bonds to construct student residences; creating three accounts in the permanent university fund and making allocations from the accounts; providing tuition exemptions at technical colleges for Southwest Asia veterans; establishing grant programs to promote recruitment and retention initiatives by nurses training programs directed toward persons of color; establishing grant programs for nursing students who are persons of color; amending Minnesota Statutes 1992, sections 3.9741; 16A.127, subdivision 8; 126.56, subdivision 5; 135A.03, subdivision 7; 135A.06, subdivision 1; 135A.061; 136A.02, subdivisions 5, 6, and 7; 136A.0411; 136A.08, subdivisions 2 and 6; 136A.101, subdivisions 1 and 7; 136A.121, subdivisions 6 and 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.1701, subdivision 4, and by adding a subdivision; 136A.233; 136A.653, subdivision 1; 136A.69; 136A.87; 136C.13, subdivision 4; 136C.15; 136C.61, subdivision 7; 136E.03; 136E.04, subdivision

1; 137.022, subdivision 3, and by adding a subdivision; 141.25, subdivision 8; 141.26, subdivisions 1 and 5; and 583.24, subdivision 4; Laws 1986, chapter 398, article 1, section 18, as amended; Laws 1990, chapter 591, article 3, section 10, as amended; Laws 1991, chapter 356, articles 6, section 4, as amended; and 9, sections 8 and 10; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137; repealing Minnesota Statutes 1992, sections 136A.121, subdivision 10; 136A.134; 136A.234; and 136A.70; Laws 1991, chapter 356, article 8, section 23.

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, Rodosovich moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Rodosovich moved that the Rules of the House be so far suspended that S. F. No. 2 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 2 was read for the second time.

S. F. No. 2, A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; prescribing changes in eligibility and in duties and responsibilities for certain financial assistance programs; prescribing fees; adjusting certain duties and powers of the higher education coordinating board; prescribing certain changes for post-secondary systems; establishing an instructional telecommunications council; providing for grants from the higher education coordinating board for regional linkages and coordination; authorizing the state board of community colleges to use higher education facilities authority revenue bonds to construct student residences; creating three accounts in the permanent university fund and making allocations from the accounts; providing tuition exemptions at technical colleges for Southwest Asia veterans; establishing grant programs to promote recruitment and retention initiatives by nurses training programs directed toward persons of color; establishing grant programs for nursing students who are persons of color; amending Minnesota Statutes 1992, sections 3.9741; 16A.127, subdivision 8; 126.56, subdivision 5; 135A.03, subdivision 7; 135A.06, subdivision 1; 135A.061; 136A.02, subdivisions 5, 6, and 7; 136A.0411; 136A.08, subdivisions 2 and 6; 136A.101, subdivisions 1 and 7; 136A.121, subdivisions 6 and 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.1701, subdivision 4, and by adding a subdivision; 136A.233; 136A.653, subdivision 1; 136A.69; 136A.87; 136C.13, subdivision 4; 136C.15; 136C.61, subdivision 7; 136E.03; 136E.04, subdivision 1; 137.022, subdivision 3, and by adding a subdivision; 141.25, subdivision 8; 141.26, subdivisions 1 and 5; and 583.24, subdivision 4; Laws 1986, chapter 398, article 1, section 18, as amended; Laws 1990, chapter 591, article 3, section 10, as amended; Laws 1991, chapter 356, articles 6, section 4, as amended; and 9, sections 8 and 10; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137; repealing Minnesota Statutes 1992, sections 136A.121, subdivision 10; 136A.134; 136A.234; and 136A.70; Laws 1991, chapter 356, article 8, section 23.

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 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Brown, K.	Dorn	Gutknecht	Johnson, V.	Lasley	McGuire
Anderson, I.	Carlson	Erhardt	Hasskamp	Kahn	Leppik	Milbert
Anderson, R.	Carruthers	Evans	Holsten	Kalis	Lieder	Molnau
Asch	Commers	Farrell	Hugoson	Kelley	Limmer	Mosel
Battaglia	Cooper	Frerichs	Huntley	Kelso	Lindner	Munger
Bauerly	Dauner	Garcia	Jacobs	Kinkel	Luther	Murphy
Beard	Dauids	Girard	Jaros	Klinzing	Lynch	Neary
Bergson	Dawkins	Goodno	Jefferson	Knickerbocker	Macklin	Nelson
Bertram	Dehler	Greenfield	Jennings	Koppendrayner	Mahon	Ness
Blatz	Delmont	Greiling	Johnson, A.	Krinkie	Mariani	Olson, E.
Brown, C.	Dempsey	Gruenes	Johnson, R.	Krueger	McCollum	Olson, K.

Onnen	Pauly	Rest	Sekhon	Sviggum	Vickerman	Wolf
Opatz	Pawlenty	Rhodes	Simoneau	Swenson	Wagenius	Worke
Orenstein	Pelowski	Rice	Skoglund	Tomassoni	Waltman	Workman
Orfield	Perlt	Rodosovich	Smith	Tompkins	Weaver	Spk. Long
Osthoff	Peterson	Rukavina	Solberg	Trimble	Wejcman	
Ostrom	Pugh	Sarna	Stanius	Tunheim	Wenzel	
Ozment	Reding	Seagren	Steensma	Van Dellen	Winter	

Those who voted in the negative were:

Haukoos Olson, M.

The bill was passed and its title agreed to.

Bauerly 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.

Dawkins was excused for the remainder of today's session.

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

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1, A bill for an act relating to campaign finance reform; requiring disclosure of certain campaign contributions made while campaign finance reform legislation was pending; removing contributors of \$100 or less from the definition of a "large giver"; increasing the public subsidy paid from the general account of the state elections campaign fund; eliminating the small donor matching program; appropriating money; amending Minnesota Statutes 1992, sections 10A.27, subdivision 11, as added; and 10A.31, subdivisions 4, and 7, as amended; repealing Minnesota Statutes 1992, section 10A.312, as added.

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, Lasley moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Lasley moved that the Rules of the House be so far suspended that S. F. No. 1 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1 was read for the second time.

S. F. No. 1, A bill for an act relating to campaign finance reform; requiring disclosure of certain campaign contributions made while campaign finance reform legislation was pending; removing contributors of \$100 or less from the definition of a "large giver"; increasing the public subsidy paid from the general account of the state elections campaign fund; eliminating the small donor matching program; appropriating money; amending Minnesota Statutes 1992, sections 10A.27, subdivision 11, as added; and 10A.31, subdivisions 4, and 7, as amended; repealing Minnesota Statutes 1992, section 10A.312, as added.

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 98 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Abrams	Davids	Huntley	Knickerbocker	Murphy	Perlt	Stanius
Anderson, I.	Dehler	Jacobs	Krueger	Neary	Peterson	Steensma
Anderson, R.	Delmont	Jaros	Lasley	Nelson	Pugh	Sviggum
Battaglia	Dempsey	Jefferson	Leppik	Ness	Reding	Swenson
Bauerly	Dorn	Jennings	Lieder	Olson, E.	Rest	Trimble
Beard	Erhardt	Johnson, A.	Luther	Olson, K.	Rhodes	Tunheim
Bergson	Evans	Johnson, R.	Lynch	Opatz	Rice	Wagenius
Bertram	Farrell	Johnson, V.	Mahon	Orenstein	Rodosovich	Wejcman
Brown, C.	Garcia	Kahn	Mariani	Orfield	Sarna	Wenzel
Brown, K.	Greenfield	Kalis	McCollum	Ostrom	Sekhon	Winter
Carlson	Greiling	Kelley	McGuire	Ozment	Simoneau	Wolf
Carruthers	Gutknecht	Kelso	Milbert	Pauly	Skoglund	Worke
Cooper	Hasskamp	Kinkel	Mosel	Pawlenty	Smith	Workman
Dauner	Holsten	Klinzing	Munger	Pelowski	Solberg	Spk. Long

Those who voted in the negative were:

Asch	Girard	Hugoson	Lindner	Onnen	Tomassoni	Waltman
Blatz	Goodno	Koppendrayer	Macklin	Osthoff	Tompkins	Weaver
Commers	Gruenes	Krinkie	Molnau	Rukavina	Van Dellen	
Frerichs	Haukoos	Limmer	Olson, M.	Seagren	Vickerman	

The bill was passed and its title agreed to.

Anderson, I., moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

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

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1, A bill for an act relating to human services; appropriating money for human services; amending Minnesota Statutes 1992, sections 62A.045; 116.76, subdivision 14; 116.78, subdivisions 4 and 7; 116.79, subdivisions 1 and 4; 116.80, subdivisions 1 and 2; 116.81, subdivision 1; 116.82, subdivision 3; 116.83, subdivisions 1 and 3; 144.122; 144.123, subdivision 1; 144.215, subdivision 3, and by adding a subdivision; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.8091, subdivision 1; 144.871, subdivisions 2, 6, 7a, 7b, 9, and by adding subdivisions; 144.872, subdivisions 2, 3, 4, and by adding a subdivision; 144.873; 144.874, subdivisions 1, 2, 3, 4, 5, 6, 9, and by adding subdivisions; 144.876, by adding a subdivision; 144.878, subdivisions 2, 2a, and 5; 144.98, subdivision 5; 144A.04, subdivision 7; 144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 145.883, subdivision 5; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6; 148C.02; 148C.03, subdivisions 1, 2, and 3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04; 157.045; 198.34; 214.01, subdivision 2; 214.04, subdivision 1; 214.06, subdivision 1, and by adding a subdivision; 245.462, subdivisions 4 and 20; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.484; 245.4871, subdivision 4; 245.4873, subdivision 2; 245.4882, subdivision 5; 245.652, subdivisions 1 and 4; 245.73, subdivisions 2, 3, and by adding a subdivision; 246.0135; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions; 252.275, subdivisions 1 and 8; 252.41, subdivision 3; 252.46; 252.47; 252.50, by adding a subdivision; 252A.101, subdivision 7; 252A.111, subdivision 4; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 254B.06, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.032, subdivision 11; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 8, 9, as amended, 9a, as amended, 20, as amended, 22, as amended, and by adding subdivisions; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.04, subdivision 16; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595; 256B.0625, subdivisions 3, 6a, 7, 11, 13, 13a, 14, 15, 17, 19a, 20, 27, 28, 29, and by adding subdivisions; 256B.0627, subdivisions 1, 4, and 5; 256B.0628, subdivision 2; 256B.0629, subdivision 4; 256B.0911, subdivisions 2, 3, 4, 6, 7, and by adding a subdivision; 256B.0913, subdivisions 4, 5, 9, 12, 13, and 14; 256B.0915, subdivisions 1, 3, and by adding subdivisions; 256B.0917, subdivisions 1, 2, 3, 4, 5, 11, and 12; 256B.093, subdivisions 1 and 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a subdivision; 256B.431, subdivisions 2b, 2o, 13, 14, 15, 21, and by adding subdivisions; 256B.432, subdivision 5, and by adding a subdivision; 256B.47, subdivision 3; 256B.48, subdivisions 1 and 2; 256B.49, by adding a subdivision; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 3g, 3i, 12, and by adding a subdivision; 256D.01, subdivision 1a; 256D.02, subdivision 5; 256D.03, subdivisions 3, 4, and 8; 256D.04; 256D.05, by adding a subdivision; 256D.051, subdivisions 1 and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256F.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 2, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.59, subdivision 3; 257.73, subdivision 1; 257.74, subdivision 1; 257.803, subdivision 1; 259.40, subdivisions 1, 2, 3, 4, 5, 7, 8, and 9; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 462A.03, subdivision 15; 518.156, subdivision 1; 518.551, subdivision 5; 518.611, subdivisions 1, 2, 6, and by adding a subdivision; 518.613, subdivisions 2, 3, and 4; 518.64, subdivision 2; 525.539, subdivision 2; 525.551, subdivision 7; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, sections 54; and 57, subdivisions 1 and 3; Laws 1992, chapter 513, article 7, section 131; and Laws 1993, chapter 20, by adding a section; proposing coding for new law in Minnesota Statutes, chapters 115C; 116; 144; 198; 214; 245; 252; 254A; 256; 256B; 256E; 256F; 257; 514; proposing coding for new law as Minnesota Statutes, chapters 144C; and 246B; repealing Minnesota Statutes 1992, sections 116.76, subdivision 7; 116.79, subdivision 3; 116.81, subdivision 2; 116.83, subdivision 2; 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; 148B.72; 214.141; 245.711; 245.712; 252.46, subdivisions 12, 13, and 14; 252.478; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 2, A bill for an act relating to state government; providing for replacement of a state airplane; providing for a budget contingency plan; appropriating money; amending Minnesota Statutes 1992, section 360.024.

PATRICK E. FLAHAVER, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 3, A bill for an act relating to crime; clarifying certain sentencing provisions relating to repeat violators of the domestic abuse or harassment crimes; correcting an erroneous cross reference; amending Minnesota Statutes 1992, sections 518B.01, subdivision 14, as amended; 609.224, subdivisions 2, as amended, 4, as added; 609.748, subdivision 6, as amended; and Laws 1993, chapter 326, article 2, section 22, subdivision 4.

PATRICK E. FLAHAVER, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 5.

PATRICK E. FLAHAVER, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 5, 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 1992, sections 16B.42, subdivision 1; 115C.02, subdivision 14, as amended; 116.76, subdivision 1, as amended; 116.77, as amended; 116.82, subdivision 3, as amended; 124.914, subdivision 4, as added; 256.969, by adding subdivisions, as amended; 256B.057, subdivision 1, as amended; 256B.0625, by adding a subdivision, as amended; 256B.0913, subdivision 5, as amended; 256B.0915, subdivision 3; 256B.0915, subdivision 3, as amended; 256D.02, subdivision 5, as amended; 256D.051, subdivision 6, as amended; 257.071, subdivision 1, as amended; 260.191, subdivisions 3a and 3b, as added; 295.50, subdivisions 3 and 4, as amended, and by adding subdivisions; 295.51, subdivision 1, as amended; 295.52, by adding a subdivision; 295.53, subdivision 3, as amended, and by adding a subdivision; 295.54, as amended; 298.28, subdivision 4, as amended; 477A.013, subdivision 1; Laws 1992, chapter 549, article 9, section 19, as amended; Laws 1993, chapter 206, sections 8, subdivision 1; 25; chapter 340, section 60; chapter 345, article 1, sections 2, subdivision 2; and 8, subdivision 1; article 2, section 5, subdivision 2; chapter 372, section 8; 1993 Special Session H.F. No. 1, article 3, section 29, subdivision 1; article 4, sections 4, subdivision 5; 6, subdivision 6; repealing Laws 1993, chapter 224, article 1, section 31; and chapter 337, section 16.

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, Milbert moved that the rule therein be suspended and an urgency be declared so that S. F. No. 5 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Milbert moved that the Rules of the House be so far suspended that S. F. No. 5 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 5 was read for the second time.

S. F. No. 5, 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 1992, sections 16B.42, subdivision 1; 115C.02, subdivision 14, as amended; 116.76, subdivision 1, as amended; 116.77, as amended; 116.82, subdivision 3, as amended; 124.914, subdivision 4, as added; 256.969, by adding subdivisions, as amended; 256B.057, subdivision 1, as amended; 256B.0625, by adding a subdivision, as amended; 256B.0913, subdivision 5, as amended; 256B.0915, subdivision 3; 256B.0915, subdivision 3, as amended; 256D.02, subdivision 5, as amended; 256D.051, subdivision 6, as amended; 257.071, subdivision 1, as amended; 260.191, subdivisions 3a and 3b, as added; 295.50, subdivisions 3 and 4, as amended, and by adding subdivisions; 295.51, subdivision 1, as amended; 295.52, by adding a subdivision; 295.53, subdivision 3, as amended, and by adding a subdivision; 295.54, as amended; 298.28, subdivision 4, as amended; 477A.013, subdivision 1; Laws 1992, chapter 549, article 9, section 19, as amended; Laws 1993, chapter 206, sections 8, subdivision 1; 25; chapter 340, section 60; chapter 345, article 1, sections 2, subdivision 2; and 8, subdivision 1; article 2, section 5, subdivision 2; chapter 372, section 8; 1993 Special Session H.F. No. 1, article 3, section 29, subdivision 1; article 4, sections 4, subdivision 5; 6, subdivision 6; repealing Laws 1993, chapter 224, article 1, section 31; and chapter 337, section 16.

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

The bill was passed and its title agreed to.

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

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

This is to notify you that the Senate is about to adjourn the Special Session sine die.

PATRICK E. FLAHAVEN, Secretary of the Senate

MOTIONS AND RESOLUTIONS

Anderson, I., moved that the Chief Clerk be and he is hereby authorized to correct and approve the Journal of the House, 1993 Special Session, for today, Thursday, May 27, 1993, and that he be authorized to include in the journal for today any subsequent proceedings. The motion prevailed.

Anderson, I., moved that the Chief Clerk be and he is hereby instructed to inform the Senate and the Governor by message that the House of Representatives is about to adjourn this 1993 Special Session sine die. The motion prevailed.

MOTION TO ADJOURN SPECIAL SESSION SINE DIE

Anderson, I., moved that the House adjourn sine die for the 1993 Special Session. The motion prevailed and the Speaker declared the House stands adjourned sine die for the 1993 Special Session.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

COMMUNICATIONS AND ANNOUNCEMENTS RECEIVED
SUBSEQUENT TO ADJOURNMENT OF THE 1993 SPECIAL SESSION

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 27, 1993

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

Dear Speaker Long:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State Chapter 1, House File No. 1 (with the exception of Article 1, Page 26, Lines 24-37).

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 27, 1993

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

Dear Speaker Long:

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

H. F. No. 2, relating to state government; providing for replacement of a state airplane; providing for a budget contingency plan.

Warmest regards,

ARNE H. CARLSON
Governor

SPECIAL SESSION

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 27, 1993

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

Dear Speaker Long:

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

H. F. No. 3, relating to crime; clarifying certain sentencing provisions relating to repeat violators of the domestic abuse or harassment crimes; correcting an erroneous cross reference.

Warmest regards,

ARNE H. CARLSON
GovernorSTATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155The Honorable Dee Long
Speaker of the House of RepresentativesThe Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 Special Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Special Session Laws Chapter No.</i>	<i>Time and Date Approved 1993</i>	<i>Date Filed 1993</i>
	1*	1	4:22 p.m. May 27	May 27
2		2	4:23 p.m. May 27	May 27
1		3	4:25 p.m. May 27	May 27
	2	4	4:26 p.m. May 27	May 27
	3	5	4:23 p.m. May 27	May 27
5		6	4:25 p.m. May 27	May 27

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

[NOTE: *Indicates line-item veto.]

Jennings submitted the following statement to be printed in the Journal of the House: "It was my intention to vote in the affirmative on Thursday, May 27, 1993, when the vote was taken on the final passage of Special Session H. F. No. 2."

Milbert submitted the following statement to be printed in the Journal of the House: "It was my intention to vote in the affirmative on Thursday, May 27, 1993, when the vote was taken on the final passage of Special Session H. F. No. 2."

CERTIFICATE

I certify that the 1993 Special Session Journal of the House for Thursday, May 27, 1993, including subsequent proceedings, has been corrected and is hereby approved.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

