

EIGHTY-THIRD DAY

St. Paul, Minnesota, Friday, March 5, 1976

The Senate met at 12:30 o'clock p.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate for the balance of today's proceedings. The following Senators answered to their names:

Bang	Gearty	Kowalczyk	Olson, J. L.	Schrom
Bernhagen	Hansen, Baldy	Laufenburger	Patton	Sillers
Borden	Hansen, Mel	Lewis	Perpich, A. J.	Solon
Brown	Hanson, R.	Merriam	Pillsbury	Spear
Chmielewski	Hughes	Moe	Purfeerst	Stumpf
Coleman	Humphrey	Nelson	Renneke	Ueland
Doty	Keefe, S.	Olson, A. G.	Schaaf	Wegener
Dunn	Kirchner	Olson, H. D.	Schmitz	Willet

The Sergeant-at-Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Alden Lynch.

The roll being called, the following Senators answered to their names:

Anderson	Dunn	Kirchner	Olson, H. D.	Solon
Bang	Frederick	Kleinbaum	Olson, J. L.	Spear
Bernhagen	Gearty	Knutson	O'Neill	Stassen
Blatz	Hansen, Baldy	Kowalczyk	Patton	Stokowski
Borden	Hansen, Mel	Larson	Perpich, A. J.	Stumpf
Brataas	Hanson, R.	Laufenburger	Pillsbury	Tennessee
Brown	Hughes	Lewis	Purfeerst	Ueland
Chmielewski	Humphrey	Merriam	Renneke	Wegener
Coleman	Jensen	Milton	Schaaf	Willet
Conzemius	Josefson	Moe	Schmitz	
Davies	Keefe, J.	Nelson	Schrom	
Doty	Keefe, S.	Olson, A. G.	Sillers	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Messrs. Arnold, Ashbach, Berg, Fitzsimons, McCutcheon, North and Ogdahl were excused from the Session of today.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

March 4, 1976

The Honorable Martin O. Sabo
Speaker of the House of Representatives

The Honorable Alec G. Olson
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1976 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.	Date Approved 1976	Date Filed 1976
806		21	March 2	March 2
1439		22	March 2	March 2
1501		23	March 2	March 2
2034		24	March 2	March 2
	1721	25	March 2	March 2
	1829	26	March 2	March 2
	1880	27	March 2	March 2

Sincerely,
 Joan Anderson Growe, Secretary of State

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Messrs. Lewis, Doty and Hughes introduced—

S. F. No. 2455: A bill for an act relating to taxation; providing for a refund of certain amounts of taxes paid for the 1975 taxable year; appropriating money.

Referred to the Committee on Taxes and Tax Laws.

Mr. Jensen introduced—

S. F. No. 2456: A bill for an act relating to tax-forfeited land; providing time limitations for bringing actions; providing procedures for settling tax titles; amending Minnesota Statutes 1974, Section 284.28; repealing Minnesota Statutes 1974, Sections 284.09 and 284.22.

Referred to the Committee on Judiciary.

Messrs. Jensen, Patton and Josefson introduced—

S. F. No. 2457: A bill for an act relating to labor; public employees; negotiation and arbitration procedures; amending Minne-

sota Statutes 1974, Sections 179.69, Subdivision 5; and 179.72, Subdivision 7, and by adding a subdivision.

Referred to the Committee on Labor and Commerce.

Messrs. Jensen; Hanson, R. and Ueland introduced—

S. F. No. 2458: A bill for an act relating to highway traffic regulations; driving under the influence of drugs or alcoholic beverages; chemical tests for intoxication under the implied consent law; defining the term peace officer in relation thereto; amending Minnesota Statutes 1974, Section 169.123, Subdivision 1.

Referred to the Committee on Judiciary.

Mr. Olhoft introduced—

S. F. No. 2459: A bill for an act relating to highway traffic regulations; prescribing the width of vehicles; amending Minnesota Statutes 1974, Section 169.80, Subdivision 2.

Referred to the Committee on Transportation and General Legislation.

Messrs. Coleman, Ashbach and Moe introduced—

S. F. No. 2460: A bill for an act relating to the bicentennial; appropriating money to the Minnesota American Revolution Bicentennial Commission.

Referred to the Committee on Governmental Operations.

Messrs. Doty and Solon introduced—

S. F. No. 2461: A bill for an act relating to the city of Duluth and the town of Herman; providing for the duties of paramedics; amending Laws 1975, Chapter 209, Section 3, Subdivision 1.

Referred to the Committee on Health, Welfare and Corrections.

Mr. Arnold introduced—

S. F. No. 2462: A bill for an act relating to crimes; unjustifiably entering a building owned by another; prescribing penalties therefor; amending Minnesota Statutes 1974, Section 609.60.

Referred to the Committee on Judiciary

Mr. Anderson introduced—

S. F. No. 2463: A bill for an act relating to Chisago, Isanti, and Pine counties; providing retirement benefits for certain judges.

Referred to the Committee on Governmental Operations.

Mr. Schaaf introduced—

S. F. No. 2464: A bill for an act relating to health; amending Minnesota Statutes 1974, Section 617.251.

Referred to the Committee on Health, Welfare and Corrections.

Mr. Willet introduced—

S. F. No. 2465: A bill for an act relating to natural resources; appropriating money for overtime compensation to conservation officers pursuant to contract; describing the contract provisions.

Referred to the Committee on Finance.

Messrs. Keefe, S. and Humphrey introduced—

S. F. No. 2466: A bill for an act relating to labor; migrant labor; contract requirements; rights of migrant workers; prescribing penalties.

Referred to the Committee on Labor and Commerce.

Mr. Spear introduced—

S. F. No. 2467: A bill for an act relating to Hennepin county; providing for sheriffs' fees; amending Laws 1969, Chapter 1063, Section 1; repealing Laws 1969, Chapter 1063, Section 2.

Referred to the Committee on Metropolitan and Urban Affairs.

Messrs. Hansen, Baldy; Solon and Laufenburger introduced—

S. F. No. 2468: A bill for an act relating to civil service; providing for payment of a portion of unused sick leave time to a state employee upon separation; amending Minnesota Statutes, 1975 Supplement, Section 43.12, Subdivision 17.

Referred to the Committee on Governmental Operations.

Mrs. Brataas introduced—

S. F. No. 2469: A bill for an act relating to the city of Rochester; increasing the membership of the housing and redevelopment authority; providing terms.

Referred to the Committee on Local Government.

Messrs. Perpich, A. J.; Blatz and Conzemius introduced—

S. F. No. 2470: A bill for an act relating to taxation; permitting a deduction from the sales tax by certain sales tax permit holders to defray the costs of collecting and remitting the tax; amending Minnesota Statutes 1974, Section 297A.26 by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

Mr. Perpich, A. J. introduced—

S. F. No. 2471: A bill for an act providing expenses and payments for county commissioners in St. Louis county; amending Minnesota Statutes, 1975 Supplement, Section 375.055, Subdivision 1; repealing Laws 1951, Chapter 391, Section 2; Laws 1959, Chapter 301; and Laws 1969, Chapter 166.

Referred to the Committee on Local Government.

Mr. Keefe, S. introduced—

S. F. No. 2472: A bill for an act relating to elections; providing for filing affidavits of candidacy in 1976; amending Minnesota Statutes, 1975 Supplement, Section 202A.22, by adding a subdivision.

Referred to the Committee on Transportation and General Legislation.

Mr. Schaaf introduced—

S. F. No. 2473: A bill for an act relating to highways; removing prohibition of right of way acquisition for a proposed interstate route; authorizing preparation of certain environmental impact statements; prescribing duties of commissioner of highways; amending Minnesota Statutes, 1975 Supplement, Sections 161.12; and 161.123.

Referred to the Committee on Metropolitan and Urban Affairs.

Mr. Schaaf introduced—

S. F. No. 2474: A bill for an act relating to highway traffic regulations; driving under the influence of drugs or alcoholic beverages; amending Minnesota Statutes 1974, Section 169.121, Subdivisions 1 and 2.

Referred to the Committee on Judiciary.

Messrs. Schaaf and Borden introduced—

S. F. No. 2475: A bill for an act relating to regulated industries; changing manner of determining valuation of telephone property for the purpose of prescribing telephone rates; amending Minnesota Statutes 1974, Section 237.08.

Referred to the Committee on Labor and Commerce.

Mr. Schaaf introduced—

S. F. No. 2476: A bill for an act relating to highway traffic regulations; driving under the influence of drugs or alcoholic beverage; amending Minnesota Statutes 1974, Section 169.121, Sub-

division 2; and Minnesota Statutes, 1975 Supplement, Section 169.121, Subdivision 1.

Referred to the Committee on Judiciary.

Mr. Schaaf introduced—

S. F. No. 2477: A bill for an act relating to highway traffic regulations; providing authority for peace officers to conduct periodic inspections to determine the validity of drivers licenses and physical condition of drivers; amending Minnesota Statutes 1974, Chapter 169, by adding a section.

Referred to the Committee on Judiciary.

Mr. Schaaf introduced—

S. F. No. 2478: A bill for an act relating to highway traffic regulations; driving under the influence of alcoholic beverages; providing for the reporting of all convictions involving stays of imposition or execution of sentence; amending Minnesota Statutes 1974, Sections 169.121, Subdivision 6; and 609.135, Subdivision 3.

Referred to the Committee on Judiciary.

Mr. Schaaf introduced—

S. F. No. 2479: A bill for an act relating to metropolitan government; an increase in the maximum amount of bonds for regional recreation and open space acquisition development grants; amending Minnesota Statutes, 1975 Supplement, Section 473.325, Subdivisions 1 and 2.

Referred to the Committee on Metropolitan and Urban Affairs.

Mr. Schaaf introduced—

S. F. No. 2480: A bill for an act relating to insurance; extending eligibility for continuation of group coverage for certain terminated employees; amending Minnesota Statutes 1974, Section 62A.17, Subdivision 2.

Referred to the Committee on Labor and Commerce.

Mr. Chenoweth introduced—

S. F. No. 2481: A bill for an act relating to retirement; amendments to bylaws and articles of incorporation of the St. Paul Teachers' Retirement Fund Association.

Referred to the Committee on Governmental Operations.

Messrs. Stumpf, Gearty and Chenoweth introduced—

S. F. No. 2482: A bill for an act relating to cities; requiring cities of the first class to establish special entertainment districts.

Referred to the Committee on Metropolitan and Urban Affairs.

Messrs. Borden; Olson, J. L. and Wegener introduced—

S. F. No. 2483: A bill for an act relating to environment; revising the environmental policy act; amending Minnesota Statutes 1974, Sections 116D.04, Subdivisions 3 and 8, and by adding subdivisions; and 116D.07.

Referred to the Committee on Natural Resources and Agriculture.

Messrs. Moe and Willet introduced—

S. F. No. 2484: A bill for an act relating to outdoor recreation; creating the citizen's advisory sportsmen's council on Minnesota's outdoor recreational resources; prescribing its powers and duties; providing for a surcharge on fish and game licenses to fund the council.

Referred to the Committee on Natural Resources and Agriculture.

Mr. Moe introduced—

S. F. No. 2485: A bill for an act relating to natural resources; authorizing the inclusion of additional lands within the boundaries of Itasca State Park.

Referred to the Committee on Natural Resources and Agriculture.

Mr. Coleman introduced—

S. F. No. 2486: A bill for an act relating to highways; construction limitations on certain trunk highways; authorizing the preparation of environmental impact statements for such highways; amending Minnesota Statutes, 1975 Supplement, Section 161.123.

Referred to the Committee on Transportation and General Legislation.

Mr. Conzemius introduced—

S. F. No. 2487: A bill for an act relating to corrections; appropriating money.

Referred to the Committee on Health, Welfare and Corrections.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S. F. No. 43.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 4, 1976

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 733, and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 733: A bill for an act relating to rates of interest; permitting lending institutions to charge interest rates on business and agricultural loans of up to five percent more than the federal discount rate at the time the loan was made.

S. F. No. 733 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 4, 1976

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S. F. No. 1784. The motion prevailed.

Mr. Gearty from the Committee on Governmental Operations, to which was referred

S. F. No. 814: A bill for an act relating to the organization and operation of state government; education; changing the membership of the higher education coordinating board; establishing new duties for the board; providing per diem, appropriating money; amending Minnesota Statutes 1974, Sections 136A.02, Subdivisions 1, 2, and 4; 136A.07; and Minnesota Statutes, 1975 Supplement, Sections 136A.04 and 136A.05.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 17, strike "*public*"

Page 1, line 25, strike "*The executive director of*"

Page 2, line 1, strike "*also*" and insert "*appoint a person to*"

Page 2, lines 3 and 5, strike "*public*"

Page 2, line 3, strike "*on the board*" and insert "*appointed by the governor*"

Page 2, line 6, after "*member*" insert "*appointed by the governor*"

Page 2, strike lines 16 to 25

Page 2, line 26, strike everything before "Vacancies" and insert:

"(a) the first Monday in January, 1978: three members appointed by the governor;

(b) the first Monday in January, 1979: three members appointed by the governor and the member appointed by the board of regents;

(c) the first Monday in January, 1980: three members appointed by the governor and the member appointed by the state university board; and

(d) the first Monday in January, 1981: three members appointed by the governor and the member appointed by the board for community colleges."

Page 3, lines 22 and 30, strike "\$50" and insert "\$35"

Page 3, lines 24 to 25, strike "travel, subsistence, and other reasonable"

Page 3, line 27, strike "other"

Page 3, line 27, strike "officers and"

Page 3, line 30, strike ", but they" and insert "if the activities occur during normal working hours for which they are also compensated by the state or political subdivision. Board members who are employees of the state or a political subdivision"

Page 4, line 26, strike everything after the comma

Page 4, line 27, strike everything before "and"

Page 4, after line 32, insert

"(e) Review all plans and proposals for new or additional programs of instruction, periodically review existing programs of private institutions, offering post-secondary education, and inform an institution if the board determines a program to be unnecessary or a needless duplication of existing programs;"

Reletter the remaining clauses

Page 6, line 5, after "All" insert "public"

Page 6, lines 5 to 6, strike "public and private,"

Page 6, line 7, after "shall" insert ", and all private institutions of higher education are requested to,"

Page 7, after line 21, insert:

"Sec. 8. [REPEALER.] Minnesota Statutes 1974, Section 136A.02, Subdivision 6, is repealed."

Page 7, line 23, strike "and 9" and insert "9 and 10"

Renumber the sections in sequence.

Amend the title as follows:

Line 6, after "diem," insert "removing an advisory agency from statute;"

Line 10, after "136A.05" insert "; repealing Minnesota Statutes 1974, Section 136A.02, Subdivision 6"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Arnold from the Committee on Finance, to which was re-referred

S. F. No. 1313: A bill for an act relating to family planning services; providing for the establishment of a comprehensive state family planning services plan; appropriating funds.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Perpich, A. J. from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 2262: A bill for an act relating to taxation; providing for a credit against income tax for the cost of care for certain dependents; appropriating money; amending Minnesota Statutes 1974, Chapter 290, by adding a section; repealing Minnesota Statutes 1974, Section 290.09, Subdivision 26.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Perpich, A. J. from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 2078: A bill for an act relating to metropolitan revenue distribution; changing the method of computing the taxable valuation of certain governmental units; amending Minnesota Statutes 1974, Section 473F.08, Subdivision 2.

Reports back the same with the recommendation that the bill do pass. Report adopted.

Mr. Hansen, Baldy from the Committee on Labor and Commerce, to which was referred

S. F. No. 556: A bill for an act relating to financial institutions and mortgagees; amending Minnesota Statutes 1974, Sections 47.20; and 47.21.

Reports the same back with the recommendation that the bill be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. [CONVENTIONAL HOME LOAN ASSISTANCE AND PROTECTION ACT: CITATION.] *Sections 1 to 4 may be cited as the Conventional Home Loan Assistance and Protection Act.*

Sec. 2. Minnesota Statutes 1974, Section 47.20, is amended to read:

47.20 [USE OF FEDERAL ACTS; DEFINITIONS; INTEREST RATES; REQUIRED PROVISIONS; INTEREST ON ESCROW ACCOUNTS.] *Subdivision 1.* Pursuant to such regulations as the commissioner of banks finds to be necessary and proper, if any, banks, savings banks, mutual savings banks, building and loan associations, and savings and loan associations organized under the laws of this state or the United States, trust companies, trust companies acting as fiduciaries, and other banking institutions subject to the supervision of the commissioner of banks, and mortgagees or lenders approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs, are authorized:

(1) To make such loans and advances of credit and purchases of obligations representing loans and advances of credit as are insured by the secretary of housing and urban development pursuant to the national housing act, as amended, or the administrator of veterans affairs pursuant to the servicemen's readjustment act of 1944, as amended, and to obtain such insurance;

(2) To make such loans secured by mortgages on real property which the secretary of housing and urban development or the administrator of veterans affairs has insured or made a commitment to insure, and to obtain such insurance.

Subd. 2. For the purposes of section 47.20 the terms defined in this subdivision have the meanings given them:

(1) "Actual Closing Costs" mean reasonable charges for or sums paid for the following, whether or not retained by the mortgagee or lender:

- (a) Any insurance premiums including but not limited to premiums for title insurance, fire and extended coverage insurance, flood insurance, and private mortgage insurance.
- (b) Abstracting, title examination and search, and examination of public records.
- (c) The preparation and recording of any or all documents required by law or custom for closing a conventional loan.
- (d) Appraisal and survey of real property securing a conventional loan.
- (e) A single service charge, which shall include any consideration, not otherwise specified herein as an "actual closing cost" paid by the borrower and received and retained by the lender for or related to the acquisition, making, refinancing or modification of a conventional loan, and shall also include any consideration received by the lender for making a commitment for a conventional loan, whether or not an actual loan follows such commitment.

The service charge shall not exceed one percent of the original bona fide principal amount of the conventional loan, except that in the case of a construction loan, the service charge shall not exceed two percent of the original bona fide principal amount of the loan.

- (f) *Charges and fees necessary for or related to the transfer of real property securing a conventional loan or the closing of a conventional loan paid by the borrower and received by any party other than the lender.*

(2) *"Conventional Loan" means a loan or advance of credit to a non-corporate borrower in an original principal amount of less than \$100,000 which is not insured by the secretary of housing and urban development or guaranteed by the administrator of veterans affairs.*

(3) *"Finance Charge" means the total cost of a conventional loan including extensions or grant of credit regardless of the characterization of the same and includes interest, finders fees, and other charges levied by a lender directly or indirectly against the person obtaining the conventional loan or against a seller of real property securing a conventional loan, or any other party to the transaction except any actual closing costs. The finance charges plus the actual closing costs charged by a lender shall include all charges made by a lender to the person obtaining the conventional loan other than the principal of the conventional loan.*

(4) *"Loan Yield" means the annual rate of return obtained by a lender over the term of a conventional loan and shall be computed as the annual percentage rate as computed in accordance with sections 226.5(b), (c) and (d) of Regulation Z, 12 C.F.R. section 226, but using the definition of finance charge provided for in this subdivision. The finance charge shall be amortized over the contract term of the conventional loan.*

(5) *"Monthly Index of Long Term United States Government Bond Yields" means the monthly unweighted average of the daily unweighted average of the closing bid yield quotations in the over the counter market for all outstanding United States Treasury Bond issues, based on available statistics, which are either maturing or callable in ten years or more. This index is expressed in terms of percentages interest per annum.*

Subd. 3. Pursuant to such regulations as the commissioner of banks finds to be necessary and proper, if any, banks, savings banks, mutual savings banks, building and loan associations, and savings and loan associations organized under the laws of this state or the United States, trust companies, trust companies acting as fiduciaries, and other banking institutions subject to the supervision of the commissioner of banks, and mortgagees or lenders approved or certified by the federal national mortgage association or the federal home loan mortgage corporation are authorized to make such conventional loans and purchases of obligations representing conventional loans as would be eligible for purchase by the federal national mortgage association or the federal home loan mortgage corporation as authorized by and defined by the Emergency Home Finance Act of 1970, as amended, but

without regard to any limitations placed upon the maximum principal amount of an eligible conventional loan by said act.

Subd. 4. No conventional loan authorized in subdivision 3 of this section shall be at a rate of interest in excess of a maximum lawful interest rate which shall be based upon the Monthly Index of Long Term United States Government Bond Yields as compiled by the board of governors of the Federal Reserve System and as published by said board of governors in the monthly Federal Reserve Bulletin. The maximum lawful interest rate shall be computed as follows:

(1) The maximum lawful rate of interest for a conventional loan authorized in subdivision 3 of this section entered into or contracted for during any calendar month shall be equal to the Monthly Index of Long Term United States Government Bond Yields for the second preceding calendar month plus an additional two percent per annum rounded off to the nearest quarter of one percent per annum or rounded off to the highest quarter of one percent per annum if equidistant.

(2) On or before the 20th day of each month the commissioner of banking shall determine, based on available statistics, the monthly index of long term United States government bond yields for the preceding calendar month and shall determine the maximum lawful rate of interest for conventional loans for the next succeeding month, as defined in clause (1) of this subdivision and shall cause such maximum lawful rate of interest to be published in The Bulletin of the Banking Division; such maximum lawful rate of interest to be effective on the first day of the next succeeding month.

(3) The loan yield obtained from a conventional loan authorized in subdivision 3 of this section shall not exceed the maximum lawful rate of interest established in clause (1) of this subdivision.

(4) A contract rate within the maximum lawful interest rate applicable to a conventional loan authorized in subdivision 3 of this section at the time of the loan closing shall be the maximum lawful interest rate for the term of the conventional loan; except that a commitment for a conventional loan authorized in subdivision 3 of this section which provides for consummation within some future time following the issuance of such commitment may be consummated pursuant to the provisions, including the interest rate, of such commitment notwithstanding the fact that the maximum lawful rate of interest at the time such conventional loan is actually entered into is less than the commitment rate of interest provided the commitment rate of interest does not exceed the maximum lawful interest rate in effect on the date such commitment was issued and provided that such commitment when issued and agreed to by the borrower shall constitute a legally binding obligation on the part of the mortgagee or lender to make a conventional loan authorized in subdivision 3 of this section within a specified time period in the future at a rate of interest not exceeding the maximum lawful rate of interest effective as of the date of commitment offer. The refinancing of an existing conventional loan authorized in subdivision 3 of this section shall be

deemed to be a new conventional loan for purposes of determining the maximum lawful rate of interest under this subdivision.

(5) This subdivision expires July 31, 1977. A contract or commitment for a conventional loan made pursuant to this subdivision made on or before July 31, 1977 at a rate of interest not in excess of the rate of interest authorized by this subdivision at the time the contract or commitment for such loan was made shall continue to be enforceable in accordance with its terms until the indebtedness is fully satisfied.

Subd. 5. No loan or advance of credit authorized in subdivisions 1 or 3 of this section and contracted for on or after the effective date of this subdivision, shall contain a provision requiring or permitting the imposition of a penalty in the event the loan or advance of credit is prepaid.

Subd. 6. No loan or advance of credit authorized in subdivisions 1 or 3 of this section and contracted for on or after the effective date of this subdivision, shall contain a provision requiring or permitting the imposition of a fee or penalty in excess of one-tenth of one percent of the remaining unpaid principal balance in the event the loan or advance of credit and the obligation incurred thereby is assumed by another person.

Subd. 7. (1) No conventional loan authorized in subdivision 3 of this section and contracted for on or after the effective date of this subdivision shall contain a provision requiring or permitting the imposition, directly or indirectly, of any discount points, whether or not actually denominated as discount points, on any person.

(2) Discount points shall be deemed not to include a fee paid to a lender by a person in the business of residential building or development in connection with a commitment by such lender to make conventional loans to credit worthy purchasers of real property which has not previously been occupied as a residence.

(3) No charges, fees, or sums permitted by this act which are paid to and received by a lender may be increased for purposes of evading compliance with this subdivision.

Subd. 8. (1) For purposes of this subdivision the term "mortgagee" shall mean all state banks and trust companies, national banking associations, state and federally chartered savings and loan associations, mortgage banks, mutual savings banks, insurance companies, credit unions or assignees of the above. Each mortgagee requiring funds of a mortgagor to be paid into an escrow, agency or similar account for the payment of taxes or insurance premiums with respect to a mortgaged one to four family, owner occupied residence located in this state, unless such account is required by federal law or regulation or maintained in connection with loans insured by the secretary of housing and urban development or guaranteed by the administrator of veterans affairs, shall calculate interest on such funds at a rate of not less than three percent per annum. Such interest shall be computed on the average monthly balance in such account on the first of each month for the immediately preceding 12 months of the calendar year

or such other fiscal year as may be uniformly adopted by the mortgagee for such purposes and shall be annually credited to the remaining principal balance on the mortgage, or at the election of the mortgagee, paid to the mortgagor or credited to his account. If the interest exceeds the remaining balance, the excess shall be paid to the mortgagor or vendee. The requirement to pay interest shall apply to such accounts created prior to the effective date of this subdivision as well as to accounts created after this subdivision is effective.

(2) The commerce commission shall have the power to prescribe, at the end of each calendar year, a rate of interest higher than that set by this subdivision. The rate so prescribed shall apply to the calendar year during which such rate is prescribed or to such other fiscal year beginning within such calendar year uniformly adopted by the mortgagee for such purposes. In prescribing any rate the commission shall consider pertinent economic and cost factors including, but not limited to: (1) current yields on short term investments, (2) current dividend rates paid on regular savings accounts throughout this state, (3) currently prevailing interest rates on conventional and insured or guaranteed mortgage loans in this state, (4) cost factors in maintaining accounts described in clause (1) of this subdivision and (5) such other pertinent economic or cost factors that the commerce commission shall deem to be appropriate.

(3) If at any time the use of such account is offered as an option to the mortgagor and the mortgagor continues or elects to use such account, interest need not be credited or paid.

(4) A mortgagee shall be prohibited from charging a direct fee for the administration of the escrow account.

(5) A mortgagee shall make timely payments of tax and insurance bills provided that funds paid into such account by the mortgagor are sufficient for such payment. If there is a shortage of funds the mortgagee shall promptly notify the mortgagor of such shortage. Failure to make the payment required by this clause shall subject the mortgagee to liability for all damages caused by such failure except that this sentence shall not deprive the mortgagee of the right to present any legal defenses in any subsequent proceeding. The mortgagee is permitted to make any payment on behalf of the mortgagor even though there are not sufficient funds in a particular account to cover the payment.

(6) Any mortgagee intentionally violating the provisions of this subdivision shall be fined not more than \$100 for each offense.

Subd. 9. Notwithstanding any other law, the provisions of this act may not be waived by any oral or written agreement executed by any person.

Sec. 3. Minnesota Statutes 1974, Section 47.21, is amended to read:

47.21 [LAWS PRESCRIBING TYPE OF SECURITY NOT TO APPLY.] No other law in this state prescribing the nature, amount or form of security or requiring security upon which loans or advances of credit may be made, or prescribing or limiting interest

rates upon loans or advances of credit, or prescribing or limiting the period for which loans or advances of credit may be made, shall be deemed to apply to loans, advances of credit or purchases made pursuant to section 47.20, ~~paragraphs (1) and (2) subdivisions 1, 3 and 4.~~

(1) Such institutions may invest in notes or bonds secured by mortgage or trust deed insured pursuant to section 47.20, *subdivision 1, paragraph clause (2)*, and in securities issued by national mortgage associations;

(2) The notes, bonds and other securities herein made eligible for investment may be used wherever, by statute, collateral is required as security for the deposit of public or other funds; or deposits are required to be made with any public official or department; or an investment of capital or surplus, or a reserve or other fund, is required to be maintained consisting of designated securities.

Sec. 4. Section 2, subdivision 8, is effective on June 1, 1976. The remainder of sections 1 to 3 is effective on April 1, 1976."

Further amend the title as follows:

Page 1, line 2, after the semicolon insert "modifying the maximum interest rate that may be charged on certain loans; requiring interest to be paid on certain escrow accounts; providing penalties;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Hansen, Baldy from the Committee on Labor and Commerce, to which was referred

S. F. No. 1932: A bill for an act relating to banking; providing for mailed notice of automatic renewal of time deposits and possible penalties or loss of interest or reduction of interest; amending Minnesota Statutes 1974, Chapter 47, by adding a section.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 10, after "*deposit*" insert "*for a term of one year or more,*"

Page 1, lines 11 and 12, strike "*other than a demand deposit, as defined in section 48.51*"

Page 1, line 22, strike "*Failure to*"

Page 1, strike line 23

Page 2, strike lines 1 and 2

Page 2, line 3, strike "*1975*" and insert "*1976*"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Hansen, Baldy from the Committee on Labor and Commerce, to which was referred

S. F. No. 2195: A bill for an act relating to cities; authorizing cities engaged in electric power distribution to secure electric power by individual or joint action; authorizing the creation of municipal power agencies; defining their powers and responsibilities; authorizing the issuance of bonds.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 1 to 4, strike all of Sections 1 to 3 and insert:

"Section 1. [453.51] [FINDINGS AND PURPOSE.] Sections 1 to 12 are intended to provide a means for those Minnesota cities which now or hereafter own and operate a utility pursuant to law for the local distribution of electric energy to secure, by individual or joint action among themselves or by contract with other public or private entities within or outside the state, an adequate, economical, and reliable supply of energy. To accomplish this purpose it is necessary for such cities to have power, by agreement between or among two or more of their number, to create a separate municipal corporation with the power and authority to finance and acquire facilities for the generation or transmission of electric energy, or interests in such facilities or rights to part of all of the capacity thereof. It is determined that an adequate, economical, and reliable supply of electric energy is essential to the orderly growth and prosperity of these communities, and a shortage of such energy is inimical to the safety, health, morale, and welfare of residents of the state and the sound growth and developments of its communities. Such a shortage exists and is expected to continue or increase because of the difficulty, among others, in the operation of municipal generating plants, of achieving economies of size, limiting environmental impacts, and providing for peak loads. Accordingly it is determined that the exercise of the powers granted herein will benefit the people of the state and serve a valid public purpose in improving and otherwise promoting their health, welfare, and prosperity.

Sec. 2. [453.52] [DEFINITIONS.] Subdivision 1. The terms defined in this section have the following meanings whenever used in sections 1 to 12 unless the context requires otherwise.

Subd. 2. "Agency agreement" means the written agreement between or among two or more cities establishing a municipal power agency.

Subd. 3. "City" means a city organized and existing under the laws of Minnesota or a city charter adopted pursuant thereto, and authorized by such laws or charter to engage in the local distribution and sale of electric energy; provided that any city so engaged on January 1, 1976, is authorized to continue such distribution and sale, and every city now or hereafter so authorized may exercise, either individually or as a member of a municipal power agency, all of the powers granted in sections 1 to 12.

Subd. 4. "City council" means the city council or other similar board, commission, or body within a city which is charged by

law or its charter with the general control of the city's governmental affairs.

Subd. 5. "Distribution" means the conveyance of electric energy to retail consumers from a transmission system, or from a generation facility situated within or in the immediate vicinity of a city.

Subd. 6. "Generation" means the production of electricity by any means and the acquisition of fuel of any kind for that purpose, and includes but is not limited to the acquisition of fuel deposits and the acquisition or construction and operation of facilities for extracting fuel from natural deposits, for converting it for use in another form, for burning it in place, and for transportation and storage.

Subd. 7. "Governing body", with respect to a city, means the city council or, if another board, commission, or body is empowered by law or its charter or by resolution of the city council to establish and regulate rates and charges for the distribution of electric energy within the city, such board, commission, or body shall be deemed to be the "governing body"; provided, however, that when the levy of a tax or the incurring of an obligation payable from taxes or any other action of such board, commission, or body requires the concurrence, approval, or independent action of the city council or another body under the city's charter or any other law, such action shall not be exercised under this act until such concurrence or approval is received or such independent action is taken; and provided further, that the concurrence of the city council or other elected body charged with the general management of a city shall be required, prior to the adoption by the city of any resolution approving an agency agreement or any amendment thereto.

Subd. 8. "Municipal power agency" means a separate political subdivision and municipal corporation created by agreement between or among two or more cities pursuant to section 3 to exercise any of the powers of acquisition, construction, reconstruction, operation, repair, extension, or improvement of electric generation or transmission facilities or the acquisition of any interest therein or any right to part or all of the capacity thereof.

Subd. 9. "Person" means a natural person, a public agency, or a private corporation, firm, partnership, cooperative association, or business trust of any nature whatsoever, organized and existing under the laws of any state or of the United States.

Subd. 10. "Project" means any plant, works, system, facilities, and real and personal property of any nature whatsoever, together with all parts thereof and appurtenances thereto, used or useful in the generation, production, transmission, purchase, sale, exchange, or interchange of electric energy or any interest therein or capacity thereof.

Subd. 11. "Public agency" means any city or other municipal corporation, political subdivision, governmental unit, or public

corporation created by or pursuant to the laws of this state or of another state or of the United States, and any state or the United States, and any person, board, or other body declared by the laws of any state or the United States to be a department, agency, or instrumentality thereof.

Subd. 12. "Real property" means lands, structures, franchises, and interests in land, including but not limited to lands under water, riparian rights, fees simple absolute, lesser interests such as easements, rights of way, uses, leases, licenses, and all other incorporeal hereditaments, legal and equitable estates, interests, and rights, terms of years, liens on real property by way of judgments, mortgages, or otherwise, and claims for damage to real property.

Subd. 13. "Transmission" means the transfer of electric energy from a generating facility to, between, or among one or more cities or municipal power agencies or other persons with whom they may contract, and includes but is not limited to conversion of current and voltage and transfer of energy from another source in exchange for energy supplied by such contracting parties, but does not include distribution.

Sec. 3. [453.53] [MUNICIPAL POWER AGENCIES; INCORPORATION.] Subdivision 1. Any two or more cities may form a municipal power agency by the execution of an agency agreement authorized by a resolution of the governing body of each city. The agency agreement shall state:

(1) That the municipal power agency is created and incorporated under the provisions of sections 1 to 12 as a municipal corporation and a political subdivision of the state, to exercise thereunder a part of the sovereign powers of the state;

(2) The name of the agency, which shall include the words "municipal power agency";

(3) The names of the cities which have approved the agency agreement and are the initial members of the municipal power agency;

(4) The names and addresses of the persons initially appointed by the resolutions approving the agreement to act as the representatives of the cities, respectively, in the exercise of their powers as members;

(5) Limitations, if any, upon the terms of representatives of the respective member cities, provided that such representatives shall always be selected and vacancies in their offices declared and filled by resolutions of the governing bodies of the respective cities;

(6) The names of the initial board of directors of the municipal power agency, who shall be not less than three persons who are representatives of the respective member cities, selected by the vote of a majority of such representatives; or the agreement may provide that the representatives of the member cities from time to time shall be and constitute the board of directors;

(7) The location by city, town, or other community in the state, of the registered office of the municipal power agency;

(8) That the cities which are members of the municipal power agency are not liable for its obligations; and

(9) Any other provision for regulating the business of the municipal power agency or the conduct of its affairs which may be agreed by the member cities, consistent with sections 1 to 12.

Subd. 2. The agency agreement and a certified copy of the resolution of the governing body of each city shall be filed for record with the secretary of state. If the agency agreement conforms to the requirements of this section, the secretary of state shall record it and issue and record a certificate of incorporation. The certificate shall state the name of the municipal power agency and the fact and date of incorporation. Upon the issuance of the certificate of incorporation, the existence of the municipal power agency as a political subdivision of the state and a municipal corporation shall begin. The certificate of incorporation shall be conclusive evidence of the fact of incorporation.

Subd. 3. The initial board of directors of the municipal power agency, unless otherwise provided by the agency agreement, shall be elected prior to the filing of the agreement by a majority vote of the persons acting as representatives of the member cities, from among their members. After commencement of existence, the first meeting of the board of directors shall be held at the call of the directors, after notice, for the purpose of adopting the initial bylaws, electing officers, and for any other business that comes before the meeting.

Subd. 4. Bylaws of the municipal power agency, and any amendments thereto, shall be proposed by the board of directors and shall be adopted by a majority vote of the representatives of the member cities, unless the agency agreement requires a greater vote, at a meeting held after notice. Subject to the provisions of the agency agreement, the bylaws shall state:

(a) The qualifications of member cities, and limitations, if any, upon their number;

(b) Conditions of membership, if any;

(c) Manner and time of calling regular meetings of representatives of member cities;

(d) Manner and conditions of termination of membership; and

(e) Such other provisions for regulating the affairs of the municipal power agency as the representatives of the member cities shall determine to be necessary.

Subd. 5. Every municipal power agency shall maintain an office in this state to be known as its registered office. When a municipal power agency desires to change the location of its registered office, it shall file with the secretary of state a certificate of change of location of registered office, stating the new location by city, town, or other community and effective date of change.

When the certificate of change of location has been duly filed, the board of directors may make the change without any further action.

Subd. 6. Each of the directors shall hold office for the term for which he has been selected and until a successor has been selected and has qualified. Directors shall discharge their duties in good faith, and with that diligence and care which an ordinary prudent man in a like position would exercise under similar circumstances. The agency agreement or the bylaws may prescribe the number, term of office, powers, authority, and duties of directors, the time and place of their meetings, and other regulations concerning directors. Except where the agency agreement or bylaws prescribe otherwise, the term of office of a director shall be for one year. Except where the agency agreement or bylaws prescribe otherwise, a meeting of the board of directors may be held at any place, within or without the state, designated by the board, after notice, and an act of the majority of the directors present at a meeting at which a quorum is present is the act of the board. Except where the agency agreement or bylaws prescribe otherwise, any vacancy occurring on the board shall be filled by a person nominated by the remaining members of the board and elected by a majority of representatives of the member cities.

Subd. 7. Except where the agency agreement or bylaws prescribe otherwise, the board of directors shall appoint a president from its membership, and a secretary and treasurer, and any other officers or agents deemed to be necessary, who may but need not be city representatives or directors. An officer may be removed with or without cause by the board of directors. Officers of the municipal power agency shall have the authority and duties in the management of the business of the municipal power agency that the agency agreement or bylaws prescribe, or, in the absence of such prescription, as the board of directors determines.

Subd. 8. Except as otherwise provided in the agency agreement or the bylaws, the duly authorized representatives of each member city shall act as, and vote on behalf of, such city. Except where the agency agreement or bylaws provide otherwise, representatives of the member cities shall hold at least one meeting each year for the election of directors and for the transaction of any other business. Except where the agency agreement or bylaws prescribe otherwise, special meetings of the representatives may be called for any purpose upon written request to the president or secretary to call the meeting. Such officer shall give notice of the meeting to be held between ten and 60 days after receipt of such request. Unless the agency agreement or bylaws provide for a different percentage, a quorum for a meeting of the representatives of the member cities is a majority of the total members and a quorum for meetings of the board of directors is a majority of the membership of such board.

Subd. 9. The agency agreement may be amended as proposed at any meeting of the representatives of the members for which notice, stating the purpose, shall be given to each representative and, unless the agency agreement or bylaws require otherwise, shall become effective when ratified by resolutions of a majority of the governing bodies

of the member cities. Each amendment and the resolutions approving it shall be filed for record with the secretary of state.

Subd. 10. Each member city shall have full power and authority, within budgetary limits applicable to it, to appropriate money for the payment of expenses of the formation of the municipal power agency and of its representative in exercising its functions as a member of the agency."

Page 4, line 21, strike "of this act"

Page 4, line 23, after "function" insert "and exercising a part of the sovereign powers of the state of Minnesota. All powers of the municipal power agency shall be exercised by its board of directors, unless otherwise provided by the agency agreement or bylaws"

Page 5, line 3, strike "power" and insert "energy"

Page 5, lines 4 and 5, strike "of securing electric power" and insert "thereof"

Page 5, line 7, strike "power" and insert "energy"

Page 5, line 13, strike "11 of this act" and insert "12"

Page 5, line 27, strike "of this act"

Page 5, line 28, strike "bond holders" and insert "bondholders"

Page 6, line 4, strike "of this act"

Page 6, line 11, strike "power" and insert "energy"

Page 6, line 14, strike "the municipal power agency" and insert "its board of directors"

Page 6, line 16, strike "power" and insert "energy"

Page 6, line 16, after "state" and before the comma, insert "in such amounts as it shall determine to be necessary and appropriate to make the most effective use of its powers and to meet its responsibilities"

Page 6, line 16, after "and" and before "enter" insert "may"

Page 6, line 17, after "with" insert "any person with"

Page 6, line 18, after "transmission" and before the period insert "; on such terms and for such period of time as its board of directors determines"

Page 6, lines 25 and 26, strike "11 of this act" and insert "12"

Page 7, line 29, strike "11 of this act" and insert "12"

Page 8, line 19, strike "the agency" and insert "its board of directors"

Page 8, line 32, after "the" and before "maturities" insert "amounts,"

Page 9, lines 14 and 15, strike "11 of this act" and insert "12, and rents, rates, and charges may be established pursuant to section 7 and pledged for the security of bonds or notes and interest and redemption premiums thereon,"

Page 9, line 19, strike "11 of this act" and insert "12"

Page 10, line 5, strike "power" and insert "energy"

Page 11, line 26, after "the" and before "agency" insert "municipal power"

Page 12, line 14, after "officials" insert ", the directors,"

Page 12, line 21, after "the" and before "agency" insert "municipal power"

Page 12, line 22, after "action," insert "suit,"

Page 13, line 2, strike "11 of this act" and insert "12"

Page 13, line 6, after "thereof" insert ", other than the municipal power agency,"

Page 13, line 12, after the period, insert "Nothing herein, however, precludes the use of tax or other revenue by a city for payment of amounts due and performance of covenants under any contract of the city as provided in section 8, subdivision 3."

Page 13, lines 16 and 17, strike "11 of this act" and insert "12"

Page 13, line 24, strike "or" and insert a comma

Page 13, line 24, after "transmission" insert ", or distribution"

Page 13, line 25, strike "power" and insert "energy"

Page 14, line 7, strike "power" and insert "energy"

Page 14, line 16, after "interest" insert "and redemption premiums, if any"

Page 14, line 22, strike "11 of this act" and insert "12"

Page 14, line 24, strike "11 of this act" and insert "12"

Page 14, line 25, after "power," insert "but without complying with the terms of section 3 hereof relating to incorporation,"

Page 14, line 31, strike "power" and insert "energy"

Page 15, line 6, after "bond" insert ", note,"

Page 15, line 8, strike "11 of this act" and insert "12"

Page 15, line 10, strike "11 of this act" and insert "12"

Page 15, line 13, after the period, insert the following:

"A city may, however, by resolution of its governing body and without approval of the electors or performance of other conditions provided in any charter or other law, enter into contracts with a municipal power agency for the purchase, sale, exchange, or transmission of electric energy and other services, on such terms and for such period of time as the resolution may provide."

Page 15, line 17, strike "pursuant to sections 1 to 11 of this act" and insert "when acting as a municipal power agency, or any contract made by the city with a municipal power agency, as contemplated by sections 1 to 12"

Page 16, line 1, strike "11 of this act" and insert "12"

Page 16, line 24, strike "11 of this act" and insert "12"

Page 16, after line 26, insert:

"Sec. 11. [453.61] [STATUS OF EMPLOYEES.] Employees of a municipal power agency shall be "public employees" within the meaning of Minnesota Statutes, Section 353.01, and the provisions of Minnesota Statutes, Chapter 353 shall apply to employees of a municipal power agency."

Page 16, line 27, strike "[453.61]" and insert "[453.62]"

Page 16, line 28, strike "11 of this act" and insert "12"

Page 16, line 31, after "and" insert "thing"

Page 16, line 31, strike "11 of this act" and insert "12"

Page 17, lines 4 and 5, strike "11 of this act, or the rules promulgated thereunder," and insert "12"

Page 17, lines 6 and 7, strike "11 of this act and the rules promulgated thereunder" and insert "12"

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Local Government. Amendments adopted. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which was re-referred under Rule 35, together with the committee report thereon,

S. F. No. 2132: A bill for an act relating to highway traffic regulations; driving under the influence of drugs or alcoholic beverages; providing for the revocation of a driver's license or permit by the commissioner of public safety upon receipt of chemical test that person's blood contains .10 percent or more by weight of alcohol; providing procedural safeguards; prescribing penalties; and appropriating money; amending Minnesota Statutes 1974, Chapter 169, by adding a section.

Reports the same back with the recommendation that the report of the Judiciary Committee reported in the Journal for February 26, 1976 that "when so amended the bill do pass" be adopted, and the bill be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which was re-referred under Rule 35, together with the committee report thereon,

S. F. No. 1895: A bill for an act relating to agriculture; establishing a family farm security program to encourage loans for farm real estate; appropriating money.

Reports the same back with the recommendation that the report

of the Committee on Natural Resources and Agriculture shown in the Journal for March 4, 1976 that "the bill be amended, and when so amended the bill do pass and be re-referred to the Committee on Governmental Operations" be adopted. Amendments adopted. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which was referred under Rule 35,

S. F. No. 2268: A bill for an act proposing an amendment to the Minnesota Constitution, Article XIII, Section 5; permitting a state lottery for an athletic stadium.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Labor and Commerce. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which was referred

House Concurrent Resolution No. 18: A house concurrent resolution designating the National Conference of State Legislatures as an instrumentality of the State of Minnesota.

Reports the same back with the recommendation that the resolution be adopted. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which was re-referred under Rule 35, together with the committee report thereon,

S. F. No. 1784: A bill for an act relating to highways; repealing a proposed amendment to Article XIV of the state constitution; repealing Laws 1975, Chapter 203, Sections 25 and 26.

Reports the same back with the recommendation that the report of the Committee on Transportation and General Legislation reported in the Journal for February 12, 1976 that "the bill do pass" be adopted, and the bill be re-referred to the Committee on Rules and Administration.

MINORITY REPORT

We, the undersigned, members of the Committee on Rules and Administration, to which was referred S. F. No. 1784, as a minority report, do hereby report the same back with the recommendation that the report of the majority be disapproved and that the report of the minority be that S. F. No. 1784 be given its second reading and be placed on the calendar of General Orders, which was the recommendation of the Committee on Transportation and General Legislation.

(Signed:) Carl A. Jensen, Jerome V. Blatz, Baldy Hansen.

Mr. Coleman moved that the foregoing committee report together with the minority report be laid on the table. The motion prevailed.

Mr. Coleman from the Committee on Rules and Administration, to which were referred

H. F. Nos. 2244 and 2043 for comparison to companion Senate Files, reports the following House Files were found not identical with their companion Senate Files as follows:

GENERAL ORDERS		CALENDAR OF ORDINARY MATTERS		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2244	2112				
2043	1942				

Pursuant to Rule 49 the Committee on Rules and Administration recommends that H. F. No. 2244 be amended as follows:

Page 1, line 12, after "*employee*" delete "*or*" and insert a comma

Page 1, line 13, delete "*in the unit*" and insert "*, or any other person,*"

Page 2, restore the stricken language in lines 2 to 4

Page 2, line 20, delete "*80*" and insert "*85*"

Page 2, line 24, after "*and to*" insert "*a list furnished by the employer of*" and delete "*who are not*" and insert a period

Page 2, delete lines 25 to 27

Page 2, line 28, delete "*group of employees in the unit*" and insert "*by a person*"

Page 3, line 1, after "*therefor*" insert "*but the burden of proof relating to the amount of the fair share fee shall be on the exclusive representative*"

Page 3, line 6, after "*deductions*" insert "*for a fair share fee*"

Page 3, delete lines 18 and 19

Page 3, delete the new language in line 20 and insert "*(e) to hear and decide all issues in a fair share fee challenge*"

Page 4, line 4, delete "*appeals limited to*" and insert "*on*"

Page 4, line 5, delete "*any*" and insert "*a*"

Page 4, line 6, after "*challenge*" insert "*decided under section 3 of this act*" and delete the rest of the line

Page 4, delete line 7

Page 4, delete the new language in line 8

Page 4, delete lines 9 to 15

Renumber the remaining section

Page 4, line 17, after "*enactment*" insert "*and sections 3 and 4 shall apply retroactively to any proceeding presently pending challenging the circumstances and amount of a fair share fee*"

And when so amended, H. F. No. 2244 will be identical to S.F. No. 2112 and further recommends that H. F. No. 2244 be given its second reading and substituted for S. F. No. 2112 and that the Senate File be indefinitely postponed.

Pursuant to Rule 49 the Committee on Rules and Administration recommends that H. F. No. 2043 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1974, Section 10A.01, Subdivision 5, is amended to read:

Subd. 5. "Candidate" means an individual who seeks nomination for election or election to any statewide office or legislative office or county office in any county or any city office in any city of more than 20,000 population, other than a federal office for which candidates are required to report under federal laws. The term candidate shall also include supreme court and district court judges of the state. An individual shall be deemed to seek nomination for election or election if he has taken the action necessary under the law of the state of Minnesota to qualify himself for nomination for election or election to an office, has received contributions or made expenditures in excess of \$100, or has given his consent, implicit or explicit, for any other person to receive contributions or make expenditures in excess of \$100 with a view to bringing about his nomination for election or election to an office.

Sec. 2. Minnesota Statutes 1974, Section 10A.01, is amended by adding a subdivision to read:

Subd. 6a. "Local ethics office" means:

(a) *The county auditor for candidates for elected county office and elected county officials in any county;*

(b) *The city clerk for candidates for elected city office and elected city officials in any city of more than 20,000 population.*

Sec. 3. Minnesota Statutes 1974, Section 10A.01, is amended by adding a subdivision to read:

Subd. 9a. "City or county election" means a regular, special, primary, or special primary election for county office in any county or for city office in any city of more than 20,000 population, including a convention or caucus of a political party held to nominate or endorse a candidate for the offices of mayor and city council in cities of the first class.

Sec. 4. Minnesota Statutes 1974, Section 10A.01, is amended by adding a subdivision to read:

Subd. 11a. "Local public official" means any person holding elective county office in any county or elected city office in any city of more than 20,000 population.

Sec. 5. Minnesota Statutes 1974, Section 10A.02, Subdivision 7, is amended to read:

Subd. 7. All members and employees of the commission shall be

subject to any provisions of law regulating political activity by state employees. In addition, no member or employee of the commission shall be a candidate for, or holder of, (a) a national, state, congressional district, legislative district, county or precinct office in a political party, or (b) an elected public office ~~for which party designation is required by statute in the state~~, an elective county office in any county, or an elective city office in any city of more than 20,000 population.

Sec. 6. Minnesota Statutes 1974, Section 10A.02, Subdivision 8, is amended to read:

Subd. 8. The commission shall: (a) Report at the close of each fiscal year to the legislature, the governor and the public concerning the action it has taken, the names, salaries, and duties of all individuals in its employ and the money it has disbursed. The commission shall include and identify in its report any other reports it has made during the fiscal year. It may indicate apparent abuses and offer legislative recommendations;

(b) Prescribe forms for statements and reports required to be filed under sections 10A.01 to 10A.34 and make the forms available to persons required to file them;

(c) Make available to the persons required to file the reports and statements a manual setting forth the recommended uniform methods of bookkeeping and reporting;

(d) Develop a filing, coding and cross-indexing system consistent with the purposes of sections 10A.01 to 10A.34;

(e) Make the reports and statements filed with it available for public inspection and copying by the end of the second day following the day on which they were received. Any person may copy a report or statement by hand or by duplicating machine and the commission shall provide duplicating services at cost for this purpose. No information copied from reports and statements shall be sold or utilized by any person for any commercial purpose;

(f) *Notwithstanding the provisions of section 138.163*, preserve reports and statements for a period of ~~six~~ five years from the date of receipt;

(g) Compile and maintain a current list and summary of all statements or parts of statements pertaining to each candidate; and

(h) Prepare and publish reports as it may deem appropriate. *Local ethics offices shall carry out the duties provided in subdivisions (d), (e), (f), (g), and (h) of this section.*

Sec. 7. Minnesota Statutes 1974, Section 10A.02, Subdivision 9, is amended to read:

Subd. 9. *The commission*, the executive director of the commission or his staff, *or local ethics office* shall inspect all material filed with the commission as promptly as is necessary to comply with the provisions of sections 10A.01 to 10A.34. The executive director

or local ethics office shall immediately notify the person required to file a document with the commission *or office* if a written complaint is filed with the commission *or office* by any registered voter alleging, or it otherwise appears, that a document filed with the commission *or office* is inaccurate or does not comply with the provisions of sections 10A.01 to 10A.34 or that a person has failed to file a document required by sections 10A.01 to 10A.34.

Sec. 8. Minnesota Statutes 1974, Section 10A.02, Subdivision 10, is amended to read:

Subd. 10. The commission may make audits and investigations with respect to statements and reports which are filed or which should have been filed under the provisions of sections 10A.01 to 10A.34. In all matters relating to its official duties, the commission *or local ethics office* shall have the power to issue subpoenas and cause them to be served. If a person does not comply with a subpoena, the commission *or local ethics office* may apply to the district court of ~~Ramsey county~~ *the county in which it is located* for issuance of an order compelling obedience to the subpoena. A person failing to obey the order is punishable by the court as for contempt.

Sec. 9. Minnesota Statutes 1974, Section 10A.02, Subdivision 11, is amended to read:

Subd. 11. Any hearing or action of the commission *or local ethics office* concerning any complaint or investigation shall be confidential and all information obtained by the commission *or office* shall be privileged until the commission makes a finding that the commission *or office* believes there is or is not probable cause to conclude that a violation of Laws 1974, Chapter 470 or other campaign laws has occurred. Any person, including any member or employee of the commission *or office*, violating the confidentiality provisions of this subdivision shall be guilty of a gross misdemeanor. After determination of its findings the commission *or office* shall report any finding of probable cause to the appropriate law enforcement authorities.

Sec. 10. Minnesota Statutes 1974, Section 10A.02, Subdivision 13, is amended to read:

Subd. 13. The provisions of chapter 15, shall apply to the commission *or local ethics office* including the power to prescribe rules and regulations to carry out the purposes of sections 10A.01 to 10A.34. *The rules concerning disclosure of campaign financing and economic interests shall be applied to all local ethics offices.*

Sec. 11. Minnesota Statutes 1974, Section 10A.09, Subdivision 1, is amended to read:

10A.09 [STATEMENTS OF ECONOMIC INTEREST.] Subdivision 1. Except for a candidate for elective office in the judicial branch, an individual shall file a statement of economic interest with the commission *or local ethics office* ;

(a) Within 60 days of accepting employment as a public official; or

(b) Within 14 days after filing an affidavit of candidacy or petition to appear on the ballot for an elective public office *including any statewide or legislative office or any county office in any county or any city office in any city of more than 20,000 population ; or*

(c) In the case of a public official requiring the advice and consent of the senate, prior to the submission of his name to the senate, and in any event, within 60 days after he undertakes the duties of his office.

Sec. 12. Minnesota Statutes 1974, Section 10A.09, Subdivision 2, is amended to read:

Subd. 2. The secretary of state or the appropriate county auditor upon receiving an affidavit of candidacy or petition to appear on the ballot from an individual required by this section to file a statement of economic interest, and any official who nominates or employs a public official required by this section to file a statement of economic interest, shall notify the commission *or local ethics office* of the name of the individual required to file a statement and the date of the affidavit, petition or nomination.

Sec. 13. Minnesota Statutes 1974, Section 10A.09, Subdivision 3, is amended to read:

Subd. 3. The commission *or local ethics office* shall notify the secretary of state or the appropriate county auditor and, when necessary in the case of appointive office, the presiding officer of the house that will approve or disapprove the nomination, of the name of the individual who has filed a statement of economic interest with the commission *or local ethics office* and the date on which the statement was filed.

Sec. 14. Minnesota Statutes 1974, Section 10A.09, Subdivision 4, is amended to read:

Subd. 4. The commission *or local ethics office* shall notify by registered mail any candidate for elective office who fails within 14 days after filing for office to submit a statement of economic interest required by this section. A candidate who knowingly fails to submit a statement of economic interest within seven days after receiving notice from the commission *or local ethics office* is guilty of a misdemeanor.

Sec. 15. Minnesota Statutes 1974, Section 10A.09, Subdivision 7, is amended to read:

Subd. 7. All *local* public officials in office on ~~April 13, 1974~~ *the effective date of this act* shall file with the ~~commission~~ *local ethics office* a statement of economic interest within ~~60~~ *90* days after the date the ~~commission~~ *issues statement of economic interest forms of final enactment*.

Sec. 16. Minnesota Statutes 1974, Section 10A.09, Subdivision 8, is amended to read:

Subd. 8. Any public official, except a ~~member of the legislature or a constitutional officer~~ *public official in the state, and a local public official*, who is required to file a statement of economic interest

and fails to do so by the prescribed deadline shall be suspended without pay by the commission in the manner prescribed in the contested case procedures in chapter 15.

Sec. 17. Minnesota Statutes 1974, Section 10A.17, Subdivision 2, is amended to read:

Subd. 2. *In elections for statewide and legislative office*, no person or persons acting in concert other than the candidate and the treasurer of the candidate's principal campaign committee may make expenditures of more than \$20 with the authorization or consent, express or implied, of a candidate or his agent, or under the control, direct or indirect, of a candidate or his agent on behalf of a candidate without receiving from the treasurer of that candidate's principal campaign committee (i) prior written authorization and (ii) certification that the expenditures will not exceed the limits on expenditures as set forth in sections 10A.25 and 10A.27. All such expenditures shall be counted against the spending limitations of the candidate.

Sec. 18. Minnesota Statutes 1974, Section 10A.17, Subdivision 3, is amended to read:

Subd. 3. The treasurer or deputy treasurer of a political committee may make an authorization for petty cash in any reporting period of not more than \$100 per week for statewide elections and \$20 per week in legislative, county or city elections to be used for miscellaneous expenditures.

Sec. 19. Minnesota Statutes 1974, Section 10A.20, Subdivision 3, is amended to read:

Subd. 3. Each report under this section shall disclose:

(a) The amount of liquid assets on hand at the beginning of the reporting period;

(b) The name, address and employer, or, if self-employed, occupation of each person, political committee or political fund who has made one or more contributions to or for the political committee or political fund including the purchase of tickets for dinners, luncheons, rallies, and similar fund raising events within the year in an aggregate amount or value in excess of \$50 for city, county and legislative candidates and in excess of \$100 for statewide candidates, together with the amount and date of the contributions, and the aggregate amount of contributions within the year of each contributor so disclosed. The lists of contributors shall be in alphabetical order;

(c) The total sum of individual contributions made to or for the political committee or political fund during the reporting period and not reported under clause (b);

(d) The name and address of each political committee, political fund or candidate from which the reporting committee or fund received, or to which that committee made, any transfer of funds, together with the amounts and dates of all transfers. The lists shall be in alphabetical order;

(e) Each loan to or from any person within the year in an aggregate amount or value in excess of \$100, together with the full names and mailing address, occupations and the principal places of business, if any, of the lender or endorsers, if any, and the date and amount of the loans;

(f) Each receipt in excess of \$100 not otherwise listed under clauses (b) to (e);

(g) The total sum of all receipts by or for the political committee or political fund during the reporting period;

(h) The name, address, occupation and the principal place of business, if any, of each person to whom expenditures have been made by the political committee or political fund or on its behalf within the year in an aggregate amount in excess of \$100, the amount, date and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made;

(i) The sum of individual expenditures which is not otherwise reported under clause (h);

(j) The name, address, occupation and the principal place of business, if any, of each person to whom an expenditure for personal services, salaries, and reimbursable expenses in excess of \$100 has been made, and which is not otherwise reported, including the amount, date and purpose of the expenditure;

(k) The sum of individual expenditures for personal services, salaries and reimbursable expense which is not otherwise reported under (j);

(l) The total expenditures made by the political committee or political fund during the reporting period;

(m) The amount and nature of debts and obligations owed by or to the political committee or political fund, and a continuous reporting of their debts and obligations after the election until the debts and obligations are extinguished;

(n) The amount and nature of any contract, promise or agreement, in writing, whether or not legally enforceable, to make a contribution or expenditure;

(o) The name of each person, committee or political fund, which has been authorized by the treasurer to make expenditures on behalf of the candidate and the nature and amount of each authorized expenditure.

Sec. 20. Minnesota Statutes 1974, Section 10A.20, Subdivision 5, is amended to read:

Subd. 5. In any statewide election any contribution or contributions from a person or association totaling \$2,000 or more, or in any *city, county or legislative* election any contribution of \$200 or more, received after the period covered in the last report prior to an election and prior to the election shall be reported to the com-

mission or local ethics office by telegram within 48 hours after its receipt and in the next required report.

Sec. 21. Minnesota Statutes 1974, Section 10A.33, is amended to read:

10A.33 [APPLICATION.] The provisions of sections 10A.30 to 10A.32 shall apply only in *statewide and legislative* general elections and primary elections preceding *statewide and legislative* general elections and shall not ~~include~~ *apply in* special elections, special primary elections, conventions and caucuses of a political party or elections for city or county offices.

Sec. 22. [REPEAL.] *Minnesota Statutes, 1975 Supplement. Sections 210A.16; 210A.23; 210A.24; 210A.25; 210A.26; 210A.27; 210A.28; 210A.32 and 210A.33 are repealed.*

Further, delete the title and insert:

"A bill for an act relating to ethics in government; conduct of certain local public officials and candidates for local elected offices; imposing duties on counties and certain city clerks; amending Minnesota Statutes 1974, Sections 10A.01, Subdivision 5, and by adding subdivisions; 10A.02, Subdivisions 7, 8, 9, 10, 11 and 13; 10A.09, Subdivisions 1, 2, 3, 4, 7 and 8; 10A.17, Subdivisions 2 and 3; 10.20, Subdivisions 3 and 5; and 10A.33; repealing Minnesota Statutes, 1975 Supplement, Sections 210A.16; 210A.23; 210A.24; 210A.25; 210A.26; 210A.27; 210A.28; 210A.32; and 210A.33."

And when so amended, H. F. No. 2043 will be identical to S. F. No. 1942 and further recommends that H. F. No. 2043 be given its second reading and substituted for S. F. No. 1942 and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which was referred

H. F. No. 2105 for comparison to companion Senate File, reports the following House File was found identical and recommends the House File be given its Second Reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CALENDAR OF ORDINARY MATTERS		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		2105	2031		

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

SECOND READING OF SENATE BILLS

S. F. No. 1313, 2262, 2078, 556, 1932 and 2432 were read the second time.

SECOND READING OF HOUSE BILLS

H. F. Nos. 2105, 2244 and 2043 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Moe moved that H. F. No. 1957 be withdrawn from the

Committee on Natural Resources and Agriculture and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 2027 now on General Orders. The motion prevailed.

Mr. Arnold moved that H. F. No. 116 be withdrawn from the Committee on Finance and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 1313 now on General Orders. The motion prevailed.

Mr. Laufenburger moved that H. F. No. 1912 be withdrawn from the Committee on Transportation and General Legislation and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 1861 now on General Orders. The motion prevailed.

Mr. Milton moved that his name be stricken as co-author to S. F. No. 2041. The motion prevailed.

Mr. Moe moved that S. F. No. 2430 be withdrawn from the Committee on Natural Resources and Agriculture and re-referred to the Committee on Judiciary. The motion prevailed.

Mr. Laufenburger moved that S. F. No. 2401 be withdrawn from the Committee on Transportation and General Legislation and re-referred to the Committee on Finance. The motion prevailed.

Mr. Coleman, for the Committee on Rules and Administration, offered the following resolution:

BE IT RESOLVED, by the Senate, that the following named persons be and are hereby appointed to the positions hereinafter stated and at the salaries heretofore fixed.

Debbie D. Paulson, Page, effective March 1, 1976

Rev. Alden Lynch, Chaplain, effective March 1, 1976

Rabbi Harold Schechter, Chaplain, effective March 8, 1976

Mr. Coleman moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Mr. Coleman moved that House Concurrent Resolution No. 18, be now adopted, in accordance with the report from the Committee on Rules and Administration adopted today.

House Concurrent Resolution No. 18: A house concurrent resolution designating the National Conference of State Legislatures as an instrumentality of the State of Minnesota.

WHEREAS, the National Conference of State Legislatures is an official membership organization of the State of Minnesota and of the several States and Territories of the United States, supported through regular and continuing appropriations from the State treasuries, and serving the Legislators and Legislative Staff of the several States and Territories of the United States as in interstate authority and joint instrumentality for the pursuit of common objectives; and

WHEREAS, the Legislatures of the several States and Territories, have recently brought about a merger of three previously competing organizations of State Legislators into the National

Conference of State Legislatures in order to better serve the State of Minnesota and the several States and Territories of the United States as a joint instrumentality; now, therefore,

BE IT RESOLVED, by the House of Representatives of the State of Minnesota, the Senate concurring, that the State of Minnesota designates the National Conference of State Legislatures an instrumentality of the State of Minnesota. Its work is clearly the work of Minnesota State Government, and indeed as an instrumentality of all the states, the National Conference of State Legislatures is critical to the achievement of the common goals of state government.

The question being taken on the adoption of the resolution,

And the roll being called, there were yeas 52 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Doty	Knutson	Olson, J. L.	Solon
Bang	Dunn	Kowalczyk	O'Neill	Spear
Bernhagen	Frederick	Larson	Patton	Stassen
Blatz	Gearty	Laufenburger	Perpich, A. J.	Stokowski
Borden	Hanson, R.	Lewis	Pillsbury	Stumpf
Brataas	Hughes	Merriam	Purfeerst	Ueland
Brown	Humphrey	Milton	Renneke	Wegener
Chmielewski	Jensen	Moe	Schaaf	Willet
Coleman	Keefe, J.	Nelson	Schmitz	
Conzemius	Kirchner	Olson, A. G.	Schrom	
Davies	Kleinbaum	Olson, H. D.	Sillers	

Messrs. Hansen, Mel; Keefe, S. and Tennesen voted in the negative.

The motion prevailed. So the resolution was adopted.

Mr. Milton moved that the name of Mr. Davies be added as chief author to S. F. No. 153. The motion prevailed.

Mr. Moe moved that the name of Mr. Renneke be added as co-author to S. F. No. 2027. The motion prevailed.

Mr. Moe moved that the report from the Committee on Natural Resources and Agriculture, reported March 4, 1976, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Moe moved that the foregoing report be now adopted. The motion prevailed.

CONFIRMATION

Mr. Moe moved that in accordance with the report from the Committee on Natural Resources and Agriculture, reported March 4, 1976, the Senate, having advised with, do now consent to and confirm the appointments of:

POLLUTION CONTROL AGENCY

Mrs. Marion Watson, 2140 West Hoyt Avenue, St. Paul, Ramsey County, appointed effective February 15, 1976, for a term expiring February 15, 1980.

Joseph Grinnell, 2901 Idylwood Drive, Edina, Hennepin County, appointed effective February 15, 1976, for a term expiring February 15, 1980.

The motion prevailed. So the appointments were confirmed.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 11:30 o'clock a.m., Monday, March 8, 1976. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate