

ONE HUNDRED FOURTH DAY

St. Paul, Minnesota, Friday, April 2, 1976

The Senate met at 10:00 o'clock a.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:

Anderson	Davies	Humphrey	Moe	Solon
Arnold	Doty	Jensen	Ogdahl	Stokowski
Ashbach	Dunn	Josefson	Olhoft	Stumpf
Berg	Fitzsimons	Keefe, S.	Olson, A. G.	Ueland
Bernhagen	Frederick	Kirchner	Olson, J. L.	Wegener
Blatz	Gearty	Kleinbaum	O'Neill	Willet
Borden	Hansen, Baldy	Kowalczyk	Pillsbury	
Brataas	Hansen, Mel	Laufenburger	Renneke	
Coleman	Hanson, R.	Lewis	Schmitz	
Conzemius	Hughes	McCutcheon	Schrom	

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

Prayer was offered by the Chaplain, Rev. Amos Levang.

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

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

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. Perpich, G. and Purfeerst were excused from the Session of today. Mr. Patton was excused from the early part of today's Session. Mr. Fitzsimons was excused from the Session of today at 4:30 o'clock p.m.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

April 1, 1976

The Honorable Alec Olson
President of the Senate

Sir:

I have the honor to inform you that I have received, approved, signed and deposited in the office of the Secretary of State the following Senate Files:

S. F. No. 749, An Act relating to intoxicating liquor; investigation of certain license applicants; amending Minnesota Statutes 1974, Section 340.13, by adding a subdivision.

S. F. No. 916, An Act relating to historic sites; providing for acquisition, administration and control of additional sites by the Minnesota historical society; appropriating money; amending Minnesota Statutes 1974, Sections 138.025, by adding subdivisions; and 138.53, Subdivisions 3 and 50; repealing Minnesota Statutes 1974, Sections 85.012, Subdivision 7; and 138.025, Subdivisions 7 and 8.

S. F. No. 932, An Act relating to public welfare; permitting the commissioner of public welfare to establish maximum fees for congregate living care under the income maintenance programs; amending Minnesota Statutes, 1975 Supplement, Section 256.01, Subdivision 2.

S. F. No. 1273, An Act relating to fair campaign practices; permitting corporations to engage in certain political activities and provide meeting facilities to political parties and candidates; amending Minnesota Statutes, 1975 Supplement, Section 210A.34, by adding subdivisions.

S. F. No. 1624, An Act relating to housing and redevelopment; permitting coinciding terms of office for city council members of a municipality who are appointed commissioners of a municipal housing and redevelopment authority; permitting officers and employees of a municipal housing and redevelopment authority to purchase a principal residence in a housing and redevelopment district; redefining powers of local housing and redevelopment authorities in carrying out legislation; amending Minnesota Statutes 1974, Sections 462.425, Subdivision 6; 464.431; and 462.475, Subdivision 1; repealing Minnesota Statutes 1974, Section 462.501, Subdivision 1.

S. F. No. 1627, An Act relating to state parks; adding lands to Kilen Woods state park in Jackson county; authorizing the inclusion of additional lands within the boundaries of Itasca state park.

S. F. No. 1636, An Act relating to insurance; clarifying license requirements for persons who enter into, acquire or hold insurance

premium finance agreements; amending Minnesota Statutes 1974, Section 59A.03, Subdivision 1.

S. F. No. 1825, An Act relating to crimes; prohibiting altering or removing a manufacturer's identification mark on personal property; providing penalties; amending Minnesota Statutes, 1975 Supplement, Section 609.52, Subdivision 2; repealing Minnesota Statutes 1974, Section 609.655.

S. F. No. 1868, An Act relating to certain counties; requiring the filing of certain surveys with the county surveyor; amending Minnesota Statutes, 1975 Supplement, Section 389.08.

S. F. No. 2030, An Act relating to elections; providing for the affidavits of candidacy of candidates for judicial office; amending Laws 1975, Chapter 5, Section 12, Subdivision 1.

S. F. No. 2155, An Act relating to United Hospital District, Staples, Minnesota; authorizing the issuance of general obligation bonds of the district without the consent of the governing bodies of the municipalities included in the district; excluding the bonds from the net debt of the district; and excluding taxes levied for the payment of the bonds from certain levy limitations.

S. F. No. 2161, An Act relating to intoxicating liquor; authorizing temporary short term on-sale licenses for certain charitable festivals.

S. F. No. 2173, An Act relating to Minnesota culture; preserving and presenting Minnesota folklife; creating center for study of Minnesota folklife; creating position of state folklorist in the historical society; prescribing powers and duties of the folklorist.

S. F. No. 2174, An act relating to intoxicating liquor; importation of limited quantities without payment of tax; amending Minnesota Statutes 1974, Section 340.601.

S. F. No. 2284, An act relating to the counties of Nobles and Rock; authorizing the acquisition of real estate for the operation of television translator systems.

Sincerely,

Wendell R. Anderson, Governor

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time and referred to the committee indicated.

Messrs. Keefe, J.; Wegener and Hanson, R. introduced—

S. F. No. 2594: A bill for an act relating to taxation; providing for used car credit on motor vehicle excise tax; amending Minnesota Statutes 1974, Section 297B.01, Subdivision 8.

Referred to the Committee on Taxes and Tax Laws.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of three members of the House, on the amendments adopted by the House to the following Senate File:

S. F. No. 175: A bill for an act relating to corrections; increasing the

scope of jurisdiction and power of the ombudsman; preserving the rights of complainants; providing a penalty for persons hindering the ombudsman; removing an expiration date; appropriating money; amending Minnesota Statutes 1974, Sections 241.42, Subdivision 2; 241.44, Subdivisions 1 and 3, and by adding a subdivision; and Chapter 241, by adding a section; repealing Minnesota Statutes 1974, Section 241.42, Subdivision 4; and Laws 1973, Chapter 553, Section 7.

There has been appointed as such committee on the part of the House:

Clark, McCarron and Nelson.

Senate File No. 175 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 1, 1976

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of three members of the House, on the amendments adopted by the House to the following Senate File:

S. F. No. 320: A bill for an act relating to taxation; increasing the percentage of unrefunded gasoline excise taxes attributable to snowmobile operation; appropriating money; amending Minnesota Statutes 1974, Sections 296.16, Subdivision 1; and 296.421, Subdivisions 6 and 7.

There has been appointed as such committee on the part of the House:

Prahl, Eken and McCauley.

Senate File No. 320 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 1, 1976

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of three members of the House, on the amendments adopted by the House to the following Senate File:

S. F. No. 1959: A bill for an act relating to health facilities; establishing an office of health facility ombudsman; appropriating money.

There has been appointed as such committee on the part of the House:

Swanson, Berglin and Heinitz.

Senate File No. 1959 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 1, 1976

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of three members of the House, on the amendments adopted by the House to the following Senate File:

S. F. No. 2032: A bill for an act relating to public welfare; establishing pilot programs for community mental health treat-

ment; appropriating money; amending Minnesota Statutes 1974, Chapter 245, by adding a section.

There has been appointed as such committee on the part of the House:

Hanson, Samuelson and McCarron.

Senate File No. 2032 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 1, 1976

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1940:

H. F. No. 1940: A bill for an act relating to the legislature; establishing a council on the economic status of women; appropriating money; repealing Minnesota Statutes 1974, Section 363.04, Subdivisions 7 and 8.

And the House respectfully requests that a Conference Committee of three members be appointed thereon:

Enebo, Kahn and Forsythe have been appointed as such committee on the part of the House.

House File No. 1940 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted April 1, 1976

Mr. Keefe, S., moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1940, and that a Conference Committee of 3 members be appointed by the Committee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2657:

H. F. No. 2657: A bill for an act relating to natural resources; increasing certain permit and license fees; authorizing the issuance of Minnesota sportsman licenses; appropriating money; amending Minnesota Statutes 1974, Sections 85.05, Subdivision 2; 98.46, Subdivisions 2, 4, 7, 8, 9, 14, 15, 16, 17, as amended, 19, and by adding a subdivision; 101.44; and Chapter 105, by adding a section; and Minnesota Statutes, 1975 Supplement, Section 98.46, Subdivision 5.

And the House respectfully requests that a Conference Committee of three members be appointed thereon:

Kahn, Vento and Searle have been appointed as such committee on the part of the House.

House File No. 2657 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 1, 1976

Mr. Moe moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 2657, and that a Conference Committee of 3 members be appointed by the Committee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2019:

H. F. No. 2019: A bill for an act relating to controlled substances; scheduling certain substances; amending Minnesota Statutes 1974, Section 152.02, Subdivisions 2, 3, 4, 5, and by adding a subdivision.

And the House respectfully requests that a Conference Committee of three members be appointed thereon:

Clawson, Forsythe and Berglin have been appointed as such committee on the part of the House.

House File No. 2019 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 1, 1976

Mr. Davies for Mr. Schaaf moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 2019, and that a Conference Committee of 3 members be appointed by the Committee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1997, and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 1997: A bill for an act relating to the operation of state government; providing for aids to education, tax levies and the distribution of tax revenues; changing the funding of special education, adult vocational education and secondary vocational education to a current funding basis; granting certain powers and duties to school dis-

tricts, the commissioner of education, and the state board of education; establishing a uniform financial accounting and reporting system for Minnesota school districts; requiring the provision of special education on a shared time basis to nonpublic school pupils; appropriating money; amending Minnesota Statutes 1974, Sections 120.17, by adding a subdivision; 120.73, Subdivision 1; 120.74, Subdivision 1; 121.21, by adding a subdivision; 122.45, Subdivisions 2 and 3a; 124.212, by adding a subdivision; 124.32, as amended; Chapter 124, by adding sections; Minnesota Statutes, 1975 Supplement, Sections 122.23, Subdivision 15; 122.45, Subdivision 1; 124.04; 124.17, Subdivisions 1 and 2; 124.212, Subdivision 8a; 124.271, Subdivision 2; 124.43, Subdivision 1; 124.561, Subdivision 3, and by adding a subdivision; 124.562, Subdivision 2; 124.563, Subdivision 3, and by adding a subdivision; 124.564; 124.565, Subdivision 2; 124.611, Subdivisions 1 and 2; 275.125, Subdivisions 2a, 4, 5, 8, 9, and 14; repealing Minnesota Statutes 1974, Sections 122.54 and 275.39.

House File No. 1997 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 1, 1976

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1997

A bill for an act relating to the operation of state government; providing for aids to education, tax levies and the distribution of tax revenues; changing the funding of special education, adult vocational education and secondary vocational education to a current funding basis; granting certain powers and duties to school districts, the commissioner of education, and the state board of education; establishing a uniform financial accounting and reporting system for Minnesota school districts; requiring the provision of special education on a shared time basis to nonpublic school pupils; appropriating money; amending Minnesota Statutes 1974, Sections 120.17, by adding a subdivision; 120.73, Subdivision 1; 120.74, Subdivision 1; 121.21, by adding a subdivision; 122.45, Subdivisions 2 and 3a; 124.212, by adding a subdivision; 124.32, as amended; Chapter 124, by adding sections; Minnesota Statutes, 1975 Supplement, Sections 122.23, Subdivision 15; 122.45, Subdivision 1; 124.04; 124.17, Subdivisions 1 and 2; 124.212, Subdivision 8a; 124.271, Subdivision 2; 124.43, Subdivision 1; 124.561, Subdivision 3, and by adding a subdivision; 124.562, Subdivision 2; 124.563, Subdivision 3, and by adding a subdivision; 124.564; 124.565, Subdivision 2; 124.611, Subdivisions 1 and 2; 275.125, Subdivisions 2a, 4, 5, 8, 9, and 14; repealing Minnesota Statutes 1974, Sections 122.54 and 275.39.

March 22, 1976

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

The Honorable Alec G. Olson
President of the Senate

We, the undersigned conferees for H. F. No. 1997 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 1997 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. [DECLARATION OF POLICY.] *The legislature finds that a process for curriculum evaluation and planning is needed for continued improvement of the educational program for all public school children in the state, and to allow for better evaluation of educational programs by local communities. The legislature further finds that such a process is needed to facilitate decisions by school boards and communities as to which services can best be provided by the public schools and which services can or should be provided by other institutions such as the family, the private sector or other public agencies.*

Sec. 2. [PLANNING, EVALUATION AND REPORTING TO PUBLIC; CURRICULUM ADVISORY COMMITTEES.] *Subdivision 1. The school board of each school district in the state shall develop and adopt a written educational policy which establishes educational goals for the district, a process for achieving these goals, and procedures for evaluating and reporting progress toward the goals. The school board shall review this policy each year and adopt revisions which it deems desirable. School boards are encouraged to develop this school district policy and any revisions after consultation with the staff of each school building.*

Subd. 2. The school board shall instruct the administrative and professional staff of the district to develop an instructional plan for the purpose of implementing the goals established in the district educational policy within resources available to the district. Insofar as possible the instructional plan shall include measurable instructional objectives to assist in directing and measuring progress toward the goals established in the district educational policy. For goals toward which progress is not easily measureable, the instructional plan shall include other appropriate means to direct and evaluate progress.

Subd. 3. Each school board is encouraged to appoint a curriculum advisory committee to provide for active community participation in the process of developing and revising the district educational policy, developing the instructional plan, evaluating progress and reporting to the public.

Subd. 4. Each year a final evaluation of progress shall be conducted, including both professional and consumer evaluations. The professional staff evaluation shall utilize test results and other performance data along with faculty interpretations and judgments. Consumer evaluation shall include the opinions of students, parents and other residents of the community served by the school. Upon receipt of the evaluation reports, each school board shall review the results and develop appropriate school improvement plans to improve areas where goals of the district educational policy have not been met.

Subd. 5. The district educational policy, the reports of the annual evaluation including summary test results, and the plans for school improvement shall be made available to the citizens of the school district through media releases and other means of com-

municating with the public. These documents shall also be on file and available for inspection by the public. Information copies of the reports shall be sent to the state board of education. All activities and reports pursuant to this section shall comply with Minnesota Statutes, Sections 15.162 to 15.167, and any other law governing data on individuals in school districts.

Sec. 3. [ASSISTANCE TO LOCAL SCHOOL DISTRICTS.] *Subdivision 1. Insofar as possible, the state board of education and educational cooperative service units shall make technical assistance for planning and evaluation available to school districts upon request during the 1976-1977 school year. The department shall collect the annual evaluation reports from local districts as provided in section 2, subdivision 5 of this act, and shall make this data available upon request to any district seeking to use it for purposes of comparisons of student performance.*

Subd. 2. The department upon written agreement with local school districts may perform testing and evaluation of students. The department may collect a reasonable fee not to exceed the actual cost of services.

Sec. 4. [TIME OF IMPLEMENTATION.] *School districts are encouraged to begin planning, evaluation and reporting to the public pursuant to sections 1 and 2 of this act during the 1976-1977 and 1977-1978 school years. All school districts in the state shall engage in planning, evaluation and reporting to the public pursuant to sections 1 and 2 of this act during the 1978-1979 school year and shall submit a report, which has been shared with the public and adopted by the school board, to the state board of education by August 1, 1979. During the summer of 1977, the state board of education shall report to the districts of the state the experiences of the demonstration projects authorized in section 5 of this act and of any similar projects funded from other sources.*

Sec. 5. [DEMONSTRATION PROJECTS.] *For the 1976-1977 school year, the state board of education shall make grants to several school districts to develop local plans, evaluation techniques using valid and reliable instruments, and procedures for reporting to the citizens of the school districts. The state board shall encourage these school districts to engage in alternative procedures for planning and reporting. The state board of education is encouraged to use available federal funds to support additional demonstration projects. By November 15, 1977, the state board shall report to the education committees of the legislature on the demonstration projects and their direct and indirect costs.*

Sec. 6. [REPORT TO LEGISLATURE.] *By February 1, 1977, the state board shall report to the legislature on the nature and number of requests for technical assistance received pursuant to section 3 of this act. This report shall contain recommendations on the need for any legislation to provide for improvement in the ability of the department of education to provide this assistance to districts.*

Sec. 7. [APPROPRIATION OF FUNDS.] *There is annually appropriated from the general fund to the department of educa-*

tion any and all amounts received by the department pursuant to section 3, subdivision 2 of this act.

Sec. 8. [ADVISORY TASK FORCE.] Subdivision 1. The governor shall appoint a five member advisory task force on nonpublic schools within 30 days of the effective date of this section. The five members shall be representative of the various areas of the state and shall be knowledgeable about nonpublic schools. The task force shall expire May 15, 1977 and the compensation, removal of members and filling of vacancies shall be as provided in Minnesota Statutes, Section 15.059.

Subd. 2. The task force study shall include, but not be limited to the following areas:

- (a) nonpublic school enrollments and enrollment trends;
- (b) special education needs of students enrolled in nonpublic schools;
- (c) special education facilities available to students enrolled in nonpublic schools;
- (d) nonpublic school curriculum needs;
- (e) nonpublic school staffing, staffing ratios, and teacher certification;
- (f) the use of shared time by nonpublic school students;
- (g) the sharing of facilities by nonpublic and public schools;
- (h) the use of the educational cooperative service units by nonpublic schools;
- (i) transportation problems faced by nonpublic schools;
- (j) the services provided the nonpublic schools by the department of education or any other educational agency; and
- (k) any other problems of nonpublic schools which affect their abilities to provide sound educational programs for children.

Subd. 3. The task force shall report the results of its study and any recommendations it may have developed to the appropriate education committees of the legislature prior to January 15, 1977, and shall be available for consultation during the 1977 legislative session.

Subd. 4. As used in this section, "nonpublic school" means a school as defined in Minnesota Statutes, Section 123.932, Subdivision 3.

Sec. 9. Subdivision 1. Any school district which has been or will be providing educational services to Southeast Asian refugee children from Vietnam, Cambodia, Laos, or Thailand for whom English is a second language may apply before July 1, 1976 to the commissioner of education for state categorical aid. The commissioner shall review the petition by September 1, 1976 to determine whether the district has incurred in the 1975-1976 school year additional and uncompensated costs because of the provision of these services. If the commissioner determines that the district has incurred an additional and uncompensated cost, he shall pay to the district an amount not to exceed \$40 for each Southeast Asian child served.

Subd. 2. All aid distributed pursuant to this section shall be utilized by a school district for the purpose of paying additional and uncompensated costs which have been incurred in the provision of these services.

Subd. 3. Prior to January 15, 1977, the commissioner shall report to the education committees of the senate and the house of representatives on the distribution of these aids. The report shall include (a) the recipients of the aid; (b) the amounts distributed; and (c) the reasons for these distributions.

Sec. 10. For the 1975-76 school year, if a district provides post-secondary vocational-technical education to pupils who are not residents of that district, it shall receive foundation aid for any such pupils who qualify to attend a post-secondary vocational-technical school without tuition pursuant to section 124.565, subdivision 1 or 2.

Sec. 11. On or before January 15, 1977, the commissioner of education shall gather and report to the committees on education of the senate and the house of representatives the following information:

(a) An enumeration and description of educational alternative programs operating in the state in fiscal years 1974, 1975, 1976 and 1977 to meet the needs of children who are identified as having such learning and behavioral problems as to have little or no interest in participating in regular school programs or of children who have had a history of appearances before a juvenile court, as defined in Minnesota Statutes, Section 260.021, or contact with other agencies exercising similar corrective functions;

(b) An enumeration and description of alternative programs of education attempted to be provided by schools pursuant to Minnesota Statutes, Section 127.29;

(c) The relationship and the degree of coordination of programs identified pursuant to clauses (a) and (b) with each other and with special instruction and services for handicapped children as defined in Minnesota Statutes, Section 120.03, Subdivision 3;

(d) The sponsor, source of funding, amount of funding and number of children served, for programs identified pursuant to clauses (a) and (b);

(e) A summary of the results of any evaluation performed of programs identified pursuant to clauses (a) and (b).

The report shall include any recommendations the commissioner may have for legislation to encourage or coordinate the provision of educational alternative programs.

Sec. 12. Notwithstanding any law to the contrary, the final distribution in August 1976 of foundation aid for the 1975-1976 school year to area vocational technical institutes shall be recognized as revenue of fiscal year 1977, and the state board for vocational education may consider this payment to be funding available for expenditure in fiscal year 1977 in its apportionment of post-secondary vocational categorical and capital expenditure aid for fiscal year 1977.

Sec. 13. Minnesota Statutes, 1975 Supplement, Section 120.17, Subdivision 1, is amended to read:

120.17 [HANDICAPPED CHILDREN.] Subdivision 1. [SPECIAL INSTRUCTION FOR HANDICAPPED CHILDREN OF SCHOOL AGE.] Every district shall provide special instruction and services, either within the district or in another district, for handicapped children of school age who are residents of the district and who are handicapped as set forth in section 120.03. When the provision of instruction, training, and services may result in hardship or injury to the child, the school board may appeal the mandatory provisions of Laws 1971, Chapter 689 to the commissioner of education who shall determine what provisions shall be made by the district for the education of the child. School age means the ages of four years to 21 years for children who are deaf, blind, crippled or have speech defects; and five years to 21 years for mentally retarded children; handicapped as defined in section 120.03 and shall not extend beyond secondary school or its equivalent. Every district may provide special instruction and services for handicapped children who have not attained school age. Districts with less than the minimum number of eligible handicapped children as determined by the state board shall cooperate with other districts to maintain a full sequence of programs for education, training and services for handicapped children as defined in section 120.03, subdivisions 1 to 3. A district that decides to maintain programs for trainable handicapped children is encouraged to cooperate with other districts to maintain a full sequence of programs.

Sec. 14. Minnesota Statutes 1974, Section 120.17, Subdivision 2, is amended to read:

Subd. 2. [METHOD OF SPECIAL INSTRUCTION.] Special instruction or training and services for handicapped children may be provided by one or more of the following methods:

(a) Special instruction and services in connection with attending regular elementary and secondary school classes;

(b) The establishment of special classes;

(c) Instruction and services at the home or bedside of the child;

(d) Instruction and services in other districts;

(e) Instruction and services in a state college laboratory school or a University of Minnesota laboratory school;

(f) Instruction and services in a state residential school or a school department of a state institution approved by the commissioner; or by any other method approved by him;

(g) Instruction and services in other states;

(h) Contract with public, private or voluntary agencies.

The primary responsibility for the education of a handicapped child shall remain with the district of the child's residence regardless of which method of providing special instruction or training and services is used.

Sec. 15. Minnesota Statutes 1974, Section 120.17, Subdivision 5, is amended to read:

Subd. 5. [SCHOOL OF PARENTS' CHOICE.] Nothing in this chapter shall be construed as preventing parents of a handicapped educable child from sending such child to a school of their choice, if they so elect, subject to admission standards and policies to be adopted pursuant to the provisions of Minnesota Statutes, Chapter 248 sections 66 to 73 of this act, and all other provisions of Chapter 71, Extra Session Laws 1959 chapters 120 to 129.

Sec. 16. Minnesota Statutes 1974, Section 120.17, is amended by adding a subdivision to read:

Subd. 7a. [ATTENDANCE AT SCHOOL FOR THE DEAF OR BRAILLE AND SIGHT-SAVING SCHOOL.] *Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota school for the deaf or the Minnesota braille and sight-saving school shall be determined in the following manner:*

(a) *The legal residence of the child shall be the school district in which his parent or guardian resides;*

(b) *When it is determined pursuant to section 70, subdivision 1 or 2 of this act that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the actual cost of providing the program; provided, however, that the amount of tuition charged shall not exceed \$2,000 for any school year. The district of the child's residence shall pay the tuition and may claim foundation aid for the child. All tuition so received shall be deposited in the state treasury, subject to the order of the state board;*

(c) *When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located shall provide an appropriate educational program for the child and shall make a tuition charge to the state board for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board shall pay the tuition and other program costs including the unreimbursed transportation costs. Aids for handicapped children shall be paid to the district providing the special instruction and services. Special transportation shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law.*

Sec. 17. Minnesota Statutes 1974, Section 120.17, is amended by adding a subdivision to read:

Subd. 9. *After August 15, 1977, no resident of a district who is eligible for special instruction and services pursuant to this section shall be denied provision of this instruction and service on a shared time basis because of attendance at a nonpublic*

school defined in section 123.932, subdivision 3. Nothing in this subdivision shall be construed to prevent any school district from providing special instruction and services pursuant to section 120.17 on a shared time basis prior to August 15, 1977.

Sec. 18. Minnesota Statutes 1974, Section 120.17, is amended by adding a subdivision to read:

Subd. 10. All tuition billing for the education of nonresident children pursuant to section 120.17 shall be done on uniform forms prescribed by the commissioner. The billing shall contain an itemized statement of costs which are being charged to the district of residence. One copy of each such billing shall be filed with the commissioner.

Sec. 19. Minnesota Statutes 1974, Section 120.73, Subdivision 1, is amended to read:

120.73 [AUTHORIZED FEES.] Subdivision 1. A school board is authorized to require payment of fees in the following areas:

(a) In any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;

(b) Admission fees or charges for extra curricular activities, where attendance is optional;

(c) A security deposit for the return of materials, supplies, or equipment;

(d) Personal physical education and athletic equipment and apparel, although any pupil may provide his own if it meets reasonable requirements and standards relating to health and safety established by the school board;

(e) Items of personal use or products which a student may purchase at his own option such as student publications, class rings, annuals, and graduation announcements;

(f) Fees specifically permitted by any other statute, including but not limited to section 171.04, clause (1);

(g) Field trips considered supplementary to a district educational program;

(h) Any authorized voluntary student health and accident benefit plan;

(i) For the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;

(j) *Transportation of pupils to and from extra curricular activities conducted at locations other than school, where attendance is optional;*

(k) *Motorcycle classroom education courses conducted outside of regular school hours; provided the charge shall not exceed the actual cost of these courses to the school district.*

Sec. 20. Minnesota Statutes 1974, Section 120.74, Subdivision 1, is amended to read:

120.74 [PROHIBITED FEES.] Subdivision 1. A school board is not authorized to charge fees in the following areas:

(a) Textbooks, workbooks, art materials, laboratory supplies, towels;

(b) Supplies necessary for participation in any instructional course except as authorized in sections 120.73 and 120.75;

(c) Field trips which are required as a part of a basic education program or course;

(d) Graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;

(e) Instructional costs for necessary school personnel employed in any course or educational program required for graduation;

(f) Library books required to be utilized for any educational course or program;

(g) Admission fees, dues, or fees for any activity the pupil is required to attend;

(h) Any admission or examination cost for any required educational course or program;

(i) Locker rentals ;

(j) *Transportation of pupils (1) to and from school as authorized pursuant to section 123.39 or (2) for which state transportation aid is authorized pursuant to section 124.223.*

Sec. 21. Minnesota Statutes, 1975 Supplement, Section 121.11, Subdivision 5, is amended to read:

Subd. 5. [UNIFORM SYSTEM OF RECORDS AND OF ACCOUNTING.] The state board shall prepare a uniform system of records for public schools, require reports from superintendents and principals of schools, teachers, school officers, and the chief officers of public and other educational institutions, to give such facts as it may deem of public value. *Beginning in fiscal year 1977, all reports required of school districts by the state board shall be in conformance with the uniform financial accounting and reporting system adopted pursuant to section 27 of this act.* With the cooperation of the legislative auditor, ~~it~~ the state board shall establish and carry into effect a uniform system of accounting by public school officers and it shall have authority to supervise and examine the accounts and other records of all public schools.

Sec. 22. Minnesota Statutes, 1975 Supplement, Section 121.165, is amended to read:

121.165 [REPORTS BY THE COMMISSIONER.] *Prior to January 15 of each year, the commissioner of education shall gather and report to the committees on education of the senate and house of representatives from presently available reports or from new reports*

it may require of school districts, the following types of information: the number of classroom teachers in every district at each training, experience and salary level; the ratio of pupils to full time equivalent certified classroom teachers in every district; and any other district staffing characteristics of fiscal import. This information shall be gathered in such a manner as to render it capable of district by district, regional and statewide comparison and analysis.

Sec. 23. Subdivision 1. The report to the 1977 legislature required pursuant to section 121.165 shall also include an analysis of any staffing characteristics which may be causing special financial problems to high cost districts.

Subd. 2. The commissioner of education shall gather information and report to the 1977 legislature on financial problems of school districts with small populations or with low density populations.

Sec. 24. Minnesota Statutes 1974, Section 121.21, is amended by adding a subdivision to read:

Subd. 4a. No district shall expend funds from any source for construction of, additions to or expansion of facilities of an area vocational-technical school without the approval of the state board if the construction, addition or expansion requires the expenditure of an amount equal to or greater than \$75 per pupil unit in average daily membership in the school or changes the perimeter walls of an existing facility. No construction, addition or expansion which requires the expenditure of less than \$75 per pupil unit in average daily membership in the school and which does not change a perimeter wall shall be carried out without the approval of the commissioner of education.

Sec. 25. [121.90] [DEFINITIONS.] "Receivables", "liabilities", "fund balances", "revenues" and "expenditures" have the meanings specified in the uniform financial accounting and reporting system for Minnesota school districts unless otherwise provided by law.

Sec. 26. [121.91] [ADVISORY COUNCIL ON UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS.] Subdivision 1. There is created an advisory council on uniform financial accounting and reporting standards, composed of 13 members appointed as follows:

(1) Two employees of the state department of education appointed by the commissioner of education;

(2) An employee of the office of state auditor appointed by the state auditor;

(3) One licensed certified public accountant appointed by the state board of education;

(4) Nine persons who are representative of the various size school districts in the state and who are public school employees whose positions involve activities related to school financing and accounting, appointed by the state board.

Professional associations composed of persons eligible to be appointed under clauses (3) and (4) may recommend nominees from their associations to the state board.

Subd. 2. The council shall expire, and the terms, compensation and removal of members shall be as provided in section 15.059. The state board shall determine the length of terms of the initial members consistent with section 15.059.

Subd. 3. The council shall annually select a chairman and secretary from its membership. Meetings shall be held at the call of the chairman or any three members.

Sec. 27. [121.92] [UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS.] *Subdivision 1. The council shall recommend to the state board uniform financial accounting and reporting standards for school districts. Prior to October 1, 1976, the state board shall adopt uniform financial accounting and reporting standards which are consistent with sections 25 to 34 of this act and with generally accepted accounting principles and practices. The standards so adopted shall be known as the uniform financial accounting and reporting system for Minnesota school districts.*

Subd. 2. The state board shall meet the requirements of chapter 15 in the initial adoption of these standards. In periodically revising these standards, the board need not meet the requirements of chapter 15, but these revisions shall not be effective until 20 days after their publication in the state register. Any interested person may petition the state board for revision of these standards. Upon receipt of such a petition, the state board shall proceed according to section 15.0412.

Sec. 28. [121.93] [REVENUE RECOGNITION.] *Subdivision 1. School district revenues shall be recognized and reported on the district books of account in accordance with this section.*

Subd. 2. Revenues shall be recorded in a manner which clearly indicates that they are applicable to a specific accounting period and fund.

Subd. 3. Receivables shall be recorded in a manner which clearly reflects the amounts of money due to a particular fund from public and private sources at the date of each accounting statement.

Subd. 4. All current levies of local taxes, including portions assumed by the state, shall be recognized as receivable at the beginning of the calendar year during which collection normally takes place. Such receivables shall be reserved for use in the subsequent fiscal year. Payments of current taxes including but not limited to March personal property tax settlements, received prior to July 1, shall be recorded as revenue to be earned as of July 1 with appropriate adjustments to the receivables and the reserves for such taxes. All current taxes received prior to July 1 plus the balance of the reserves shall be recognized as revenue on July 1.

Subd. 5. Foundation aid, endowment fund apportionment, and guarantee aid shall be recognized as revenue of the fiscal year for which the aids are designated by statute.

Subd. 6. Transportation aids, including depreciation aid, and any categorical aids not otherwise provided for in this section shall be recognized as revenue of the fiscal year for which these aids are designated by statute.

Subd. 7. Summer school aids shall be recognized as revenues and recorded as receivables during the fiscal year in which the summer school session ends; provided that nothing in this subdivision shall be construed to provide for a different rate of aid than that provided in section 124.20.

Subd. 8. "Categorical reimbursement" aids are those aids for which the expenditures of the prior fiscal year are used only for determination of the amount. These aids shall be recognized as revenues and recorded as receivables in the fiscal year designated for payment.

Subd. 9. Interest shall be recognized in the fiscal year during which earned, and shall be allocated proportionally to the funds from which the resources were invested.

Subd. 10. Federal aids or grants shall be recognized as revenues and recorded as receivables in the fiscal year during which the eligible expenditures are recognized.

Subd. 11. State aids or grants, that are paid as a matching of an expenditure, shall be recognized as revenues and recorded as receivables in the fiscal year during which the eligible expenditure is recognized.

Subd. 12. Other revenues not specified in this section shall be recognized as revenue and shall be recorded in the fiscal year earned.

Subd. 13. Deviations from the principles set forth in this section shall be evaluated and explained in footnotes to audited financial statements.

Subd. 14. The state board shall specify the fiscal year or years to which the revenue from any aid or tax levy is applicable if Minnesota Statutes do not so specify.

Sec. 29. [121.94] [EXPENDITURE RECOGNITION.] *Subdivision 1. School district expenditures shall be recognized and reported on the district books of account in accordance with this section.*

Subd. 2. There shall be fiscal year-end recognition of expenditures and the related offsetting liabilities recorded in each fund in accordance with the uniform financial accounting and reporting system for Minnesota school districts.

Subd. 3. Purchase orders, itemized in detail, for other than inventory supply items, which are issued to outside vendors and based on firm prices shall be recorded as expenditures in the fiscal year designated at the time of the issuance of the order.

Subd. 4. Inventory supply items may be recorded as expenditures at the time of the issuance of the purchase order or at the time of delivery to the school district's subordinate unit or other consumer of the item.

Subd. 5. Salaries and wages shall be recorded as expenditures in the fiscal year in which the personal services are performed.

Subd. 6. Other payable items shall be recorded in the fiscal year in which the liability is incurred.

Subd. 7. Deviations from the principles set forth in this section shall be evaluated and explained in footnotes to audited financial statements.

Sec. 30. [121.95] [REQUIREMENT FOR ACCOUNTING, BUDGETING AND REPORTING.] *Subdivision 1. On or before June 30, 1977, each Minnesota school district shall adopt the uniform financial accounting and reporting system for Minnesota school districts provided for in section 27 of this act.*

Subd. 2. [UNAUDITED FINANCIAL STATEMENTS.] Each Minnesota school district shall submit to the commissioner by August 15, 1977 and August 15 of each year thereafter, an unaudited financial statement for the preceding fiscal year. This statement shall be submitted on forms prescribed by the commissioner after consultation with the advisory council on uniform financial accounting and reporting standards.

Subd. 3. [AUDITED FINANCIAL STATEMENTS.] Prior to June 30 of the calendar year following the submission of the unaudited financial statement, the school district shall provide to the commissioner and state auditor an audited financial statement prepared in a form which will allow comparison with and correction of the unaudited statement.

Subd. 4. [BUDGET REPORTING.] Each Minnesota school district shall submit to the department by August 15, 1977, and by August 15 of each year thereafter, on forms prescribed by the commissioner, the revenue and expenditure budgets adopted for that fiscal year.

Subd. 5. All governmental units formed by joint powers agreements entered into by school districts pursuant to Minnesota Statutes, Sections 120.17, 123.351, 741.59, or any other law and all educational cooperative service units shall be subject to the provisions of this section.

Sec. 31. [121.96] [CASH FLOW; SCHOOL DISTRICT REVENUES; BORROWING FOR CURRENT OPERATING COSTS.] *Subdivision 1. The commissioner of finance shall remit all payments of state aids to school districts in conformance with the dates provided by law or, when not so provided, with a schedule of aid payments to be established by the commissioner of education in consultation with other affected state agencies.*

Subd. 2. The auditors or finance officers of Minnesota counties shall remit all payments of taxes to the school districts in conformance with the provisions of Minnesota Statutes, Section 276.11. School districts which have need for tax remittance advances may secure them from the counties by making formal requests in conformance with Minnesota Statutes, Section 276.11.

Subd. 3. Minnesota school districts may issue tax and aid anticipation certificates in conformance with the provisions of Minnesota Statutes, Sections 124.71 to 124.781, with the additional provision that the proceeds of such borrowing or any other method of borrowing shall be recorded as liabilities of funds for which the taxes were levied, or for

which the aids are receivable. Nothing in this subdivision shall provide authority for borrowing against the tax levies and aids of one school district fund for the purpose of increasing the available cash balance of another fund.

Subd. 4. Unless otherwise provided by law, no district shall, for the purpose of increasing the available cash balance of another fund, borrow or transfer funds from the building construction fund, debt redemption fund, trust and agency fund, or from any sinking fund for outstanding bonds issued for any purpose. However, if the contemplated use for which funds were originally placed in the building construction fund or a sinking fund is afterwards abandoned or if a balance remains after the use is accomplished, a district may devote these funds as provided in Minnesota Statutes, Section 475.65. For the purpose of insuring fund integrity, if the commissioner determines that a district is in violation of this subdivision or section 28 of this act, he shall require that such district maintain separate bank accounts for building construction funds, debt redemption funds, trust and agency funds, and sinking funds for outstanding bonds. Nothing in this subdivision shall be construed to prohibit the use of common bank accounts for other funds unless prohibited by law.

Sec. 32. [121.97] [STATUTORY OPERATING DEBT.] Subdivision 1. The "statutory operating debt" of a school district means the net negative fund balance in all school district funds, other than capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated as of June 30 of each year in accordance with the uniform financial accounting and reporting system for Minnesota school districts.

Subd. 2. The commissioner shall establish a uniform auditing or other verification procedure for school districts to determine whether a statutory operating debt exists in any Minnesota school district as of June 30, 1977. This procedure shall also identify all interfund transfers made during fiscal year 1977 from a fund included in computing statutory operating debt to a fund not included in computing statutory operating debt. The standards for this uniform auditing or verification procedure shall be promulgated by the state board pursuant to chapter 15. If a school district applies to the commissioner for a statutory operating debt verification or if the unaudited financial statement for the school year ending June 30, 1977 reveals that a statutory operating debt might exist, the commissioner shall require a verification of the amount of the statutory operating debt which actually does exist.

Subd. 3. If an audit or other verification procedure conducted pursuant to subdivision 2 determines that a statutory operating debt exists and does not come within the provisions of subdivision 4, a district shall follow the procedures set forth in section 88 of this act to eliminate this operating debt.

Subd. 4. If the amount of the statutory operating debt verified pursuant to subdivision 2 is less than two and one half percent of the most recent fiscal year's expenditure amount for the funds considered under subdivision 1, the net negative fund balance shall not qualify as statutory operating debt for the purposes of this section and sections 33 and 88 of this act.

Subd. 5. The commissioner of education shall certify the amount of statutory operating debt for each school district. Prior to June 30, 1979, the commissioner may, on the basis of corrected figures, adjust the total amount of statutory operating debt certified for any district.

Subd. 6. On January 15, 1998, the commissioner of education shall report to the legislature on the districts for which the levy allowable under section 88 of this act has been insufficient to eliminate the statutory operating debt of the district, determined as of June 30, 1977.

Subd. 7. This section and the provisions of section 88 of this act shall be applicable only to common, independent, and special school districts and districts formed pursuant to Laws 1967, Chapter 822, as amended, and Laws 1969, Chapters 775 and 1060, as amended. This section and the provisions of section 88 of this act shall not apply to Independent School District No. 625.

Subd. 8. Any district eligible to receive any amounts pursuant to section 88 of this act shall disclose its statutory operating debt retirement plan by footnote to the audited financial statement.

Subd. 9. The commissioner shall establish a uniform reporting procedure for school districts to determine whether a statutory operating debt exists in any Minnesota school district as of June 30, 1976, and to estimate the amount of such statutory operating debt. This procedure shall also identify all interfund transfers made during fiscal year 1976 from a fund included in computing statutory operating debt to a fund not included in computing statutory operating debt.

Subd. 10. (a) On or before January 1, 1977, the commissioner shall report to the legislature his findings concerning the amount of statutory operating debt for districts as of June 30, 1976, and interfund transfers during fiscal year 1976 which are identified pursuant to subdivision 9. This report shall include any information available to the commissioner regarding possible increases in statutory operating debt for districts between June 30, 1976, and June 30, 1977, and justifications for these increases.

(b) On or before January 1, 1978, the commissioner shall report to the legislature his findings concerning the amount of statutory operating debt for districts as of June 30, 1977, interfund transfers during fiscal year 1977 which are identified pursuant to subdivision 2, and actual increases in statutory operating debt for districts between June 30, 1976, and June 30, 1977.

Sec. 33. [121.98] [EXPENDITURE LIMITATIONS.] *Subdivision 1. (a) Beginning in fiscal year 1978 and in each year thereafter, a district which had statutory operating debt on June 30, 1977 pursuant to section 32 of this act shall limit its expenditures in each fiscal year to the amount of revenue recognized in the same fiscal year in accordance with the uniform financial accounting and reporting system for Minnesota school districts.*

(b) The expenditures of a district for each fiscal year shall be limited so that the amount of its statutory operating debt cal-

culated for that fiscal year pursuant to section 32 of this act is not greater than the amount of the district's statutory operating debt as of June 30, 1977, as certified and adjusted by the commissioner;

(1) reduced by an amount equal to the cumulative entries to that district's "reserve account for reducing operating debt";

(2) increased by an amount equal to two and one half percent of that district's operating expenditures for the fiscal year immediately preceding the fiscal year for which the statutory operating debt calculation is being made.

(c) When a district is no longer required to levy pursuant to section 88 of this act, subdivision 2 of this section shall be applicable.

Subd. 2. Beginning in fiscal year 1978 and each year thereafter, any district not subject to subdivision 1 shall limit its expenditures so that its appropriate fund balances shall not constitute statutory operating debt as defined and limited in section 32 of this act.

Subd. 3. If a school district does not limit its expenditures in accordance with this section, the commissioner shall so notify the appropriate committees of the legislature by no later than January 1 of the year following the end of that fiscal year.

Sec. 34. [121.99] [PARTICIPATION IN COMPUTER SYSTEMS.] *Subdivision 1. On or before July 1, 1980, all Minnesota school districts shall convert financial accounting and reporting operations to a computer based financial management accounting and reporting system utilizing regional or other computing facilities and utilizing multi-dimensional accounts and records defined in accordance with the uniform financial accounting and reporting system for Minnesota school districts.*

Subd. 2. After July 1, 1980, participation in a computer based financial management accounting and reporting system shall be mandatory. The form of this participation shall be appealable to the commissioner.

Sec. 35. Minnesota Statutes, 1975 Supplement, Section 122.23, Subdivision 15, is amended to read:

Subd. 15. If no district is divided by virtue of the proceedings, all of the assets, real and personal, of the districts involved and all legally valid and enforceable claims and contract obligations of the districts pass to the new district. If a district is divided by virtue of the proceedings, upon receipt of the order of the commissioner, the auditor of the county containing the greatest land area of the new district shall present a copy of the plat and supporting statement and orders issued in the proceedings to the county board at its next regular meeting commissioner, together with such information as is available to him concerning the assets and liabilities not secured by bonds of each district, any part of which is included in the newly created district. Thereafter within 30 days the county board commissioner shall issue its his order providing for a division of the assets and liabilities

of the districts involved and apportioning and dividing these assets *and liabilities* according to such terms as ~~it~~ *he* may deem just and equitable. In making this division of assets and liabilities, the ~~county board~~ *commissioner* may consider the amount of bonded debt to be assumed by property in each area under the provisions of this section. If the order of consolidation transfers any real estate interest to the new district or to another district, the order apportioning assets and liabilities may impose a dollar claim on the district receiving the real estate in favor of any other district involved in an amount not exceeding the reasonable value of the real estate interest involved, which claim shall be paid in the manner provided by law for the enforcement of judgments.

Sec. 36. Minnesota Statutes, 1975 Supplement, Section 122.45, Subdivision 1, is amended to read:

122.45 [DISTRIBUTION AND DIVISION OF ASSETS AND LIABILITIES; TAXATION.] Subdivision 1. Title to all the property, real and personal, of any district dissolved under the provisions of sections 122.41 to 122.52 and all legally valid and enforceable claims and contract obligations, pass to the district to which such dissolved district is attached. If a district is divided by virtue of the proceedings, the ~~county board~~ *commissioner* shall issue its *his* subsequent order providing for the division of the assets and liabilities according to such terms as ~~it~~ *he* may deem just and equitable.

Sec. 37. Minnesota Statutes 1974, Section 122.45, Subdivision 2, is amended to read:

Subd. 2. As of the effective date of the attachment, all the taxable property in the newly enlarged district is taxable for the payment of any bonded debt theretofore incurred by any component district or territory in the proportion which the assessed valuation of that part of a preexisting district which is included in the newly enlarged district bears to the assessed valuation of the entire preexisting district as of the time of the attachment. This apportionment shall be made by the county auditor and shall be incorporated as an annex to the order of the ~~county board~~ *commissioner* dividing the assets and liabilities of the component parts. This subdivision shall not relieve any property from any tax liability for payment of any bonded obligation but taxable property in the newly enlarged district becomes primarily liable for the payment of bonded debts to the extent of the proportion stated.

Sec. 38. Minnesota Statutes 1974, Section 122.45, Subdivision 3a, is amended to read:

Subd. 3a. (a) Liabilities of a dissolved district existing at the time of the attachment other than bonded debt within the purview of subdivision 2 shall be obligations of the consolidated district after attachment (in the amount and kind determined by the ~~county board~~ *commissioner* according to subdivision 1, where a dissolved district is divided), for the payment of which the consolidated district has a right to reimbursement by special levy or

levies. The amount of reimbursement will be equal to the liabilities of the dissolved district for which the consolidated district is obligated less the aggregate of the following which has been or will be received by the consolidated district at or after the time of attachment from or as a result of the dissolution and attachment of the dissolved district:

(1) All taxes inuring to the consolidating district upon levies made by the dissolved district;

(2) All cash, bank accounts, investments, and other current assets;

(3) Earned state aids of the dissolved districts;

(4) Returns from the sale of property of the dissolved district.

(b) The amount of such special levy so computed shall be certified to the county auditor with the other tax requirements of the consolidated district but separately stated and identified. The auditor shall add the amount of special levy so certified to the school rate for the territory in the consolidated district which came from the dissolved district and include it in the levy on the taxable property in that territory; provided, the county auditor shall not spread more of the amount certified for special levy in any year than will amount to 20 percent of the school levy without the special levy, leaving the remaining part of the certified amount for levy in successive years without further certification. Any amount of reimbursement to which it is entitled omitted by the consolidated district from its initial certification for special levy may be certified in a subsequent year for levy in the same manner as the levy upon initial certification.

The levy authorized by this subdivision shall be in addition to those otherwise authorized by *Extra Session Laws 1971, Chapter 31, Article 20 section 275.125*.

Sec. 39. Minnesota Statutes 1974, Section 123.37, Subdivision 1, is amended to read:

123.37 [INDEPENDENT SCHOOL DISTRICTS, CONTRACTS.] Subdivision 1. No contract for work or labor, or for the purchase of furniture, fixtures, or other property, except books registered under the copyright laws, or for the construction or repair of school houses, the estimated cost or value of which shall exceed : (a) \$3,000 for school districts with an enrollment of students in grades 1 to 12 of less than 10,000, or (b) \$5,000 for all other school districts that specified in section 471.345, subdivision 3, shall be made by the school board without first advertising for bids or proposals by two weeks' published notice in the official newspaper. Such notice shall state the time and place of receiving bids and contain a brief description of the subject matter.

Such additional publication in the official newspaper or elsewhere may be made as the board shall deem necessary.

After taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids, every such contract shall be awarded to the lowest responsible bidder, duly executed in writing, and the person to whom the same is awarded shall give a sufficient bond to the board for its faithful performance, and otherwise conditioned as required by law. A record shall be kept of all bids, with names of bidders and amount of bids, and with the successful bid indicated thereon. A bid containing an alteration or erasure of any price contained in the bid which is used in determining the lowest responsible bid shall be rejected unless the alteration or erasure is corrected as herein provided. An alteration or erasure may be crossed out and the correction thereof printed in ink or typewritten adjacent thereto and initialed in ink by the person signing the bid. In the case of identical low bids from two or more bidders, the board may, at its discretion, utilize negotiated procurement methods with the tied low bidders for that particular transaction, so long as the price paid does not exceed the low tied bid price. In the case where only a single bid is received, the board may, at its discretion, negotiate a mutually agreeable contract with the bidder so long as the price paid does not exceed the original bid. If no satisfactory bid is received, the board may readvertise. Standard requirement price contracts established for supplies or services to be purchased by the district shall be established by competitive bids. Such standard requirement price contracts may contain escalation clauses and may provide for a negotiated price increase or decrease based upon a demonstrable industrywide or regional increase or decrease in the vendor's costs. Either party to the contract may request that the other party demonstrate such increase or decrease. The term of such contracts shall not exceed two years with an option on the part of the district to renew for an additional two years. Provided that in the case of purchase of perishable food items except milk for school lunches and vocational training programs a contract of any amount may be made by direct negotiation by obtaining two or more written quotations for the purchase or sale, when possible, without advertising for bids or otherwise complying with the requirements of this section or section 471.345, subdivision 3. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof.

Every contract made without compliance with the provisions of this section shall be void. Provided, that in case of the destruction of buildings or injury thereto, where the public interest would suffer by delay, contracts for repairs may be made without advertising for bids.

Firm bid contracts for the purchase of milk and ice cream renegotiated between August 25, 1973 and July 1, 1974 which provide for a price increase or decrease based upon a demonstrable industrywide or regional increase in the vendor's costs are valid and not void under this subdivision; provided that the adjustment shall not exceed the increase or decrease authorized in the applicable federal marketing order for raw milk; and provided further that a school district which did not renegotiate its

contract before February 1, 1974, shall not adjust its contract to provide for price increases or decreases for purchases made before February 1, 1974.

Sec. 40. Minnesota Statutes 1974, Section 123.37, Subdivision 1b, is amended to read:

Subd. 1b. Notwithstanding the provisions of subdivision 1 or section 471.345, a contract for the transportation of school children may be made either by direct negotiation, by obtaining two or more written quotations for the service, when possible, or upon sealed bids. At least 30 days before awarding a directly negotiated contract, the school district shall, by published notice, request quotations for the service to be provided. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof. If a contract is made by direct negotiation, negotiations shall be carried on at a meeting of the school board open to the public. If a contract is made upon sealed bids, the procedure for advertising and awarding bids shall conform to the provisions of subdivision 1.

Sec. 41. Minnesota Statutes, 1975 Supplement, Section 124.04, is amended to read:

124.04 [CAPITAL EXPENDITURE TAXING AUTHORITY.] In addition to the tax levy prescribed by law for general and special school purposes, the board of any district may levy annually an amount such that the sum of the levy and attached machinery aid for capital outlay purposes calculated pursuant to section 273.138, subdivision 3, clause (1), shall not exceed \$70 \$75 per pupil unit or, in districts where the pupil unit count is increased pursuant to section 124.17, subdivision 1, clause (7), \$75 \$80 per pupil unit. *For purposes of computing allowable levies under section 124.04, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), (5), (6) and (7).* No levy under this section shall exceed 10 mills on each dollar of assessed valuation of the taxable property in the district as adjusted for the preceding year by the equalization aid review committee notwithstanding the provisions of sections 272.64 and 275.49; *provided that said levy may not exceed by more than two mills (three mills if the district adds units pursuant to section 124.17, subdivision 1, clause (7)) the levy under this section in the previous year and provided further that any district which did not levy pursuant to this section in 1972 may certify a maximum levy of six mills not to exceed \$65 per pupil unit in 1974.* The tax so levied shall be collected in the manner provided by law for the collection of school taxes. The proceeds of the tax may be used only to acquire land, *improve and repair school sites,* to equip; and re-equip; *repair and improve* buildings and permanent attached fixtures, and to pay leasing fees for ~~computers and computer services systems hardware, computer terminals and telecommunications equipment, and related proprietary software.~~ *The proceeds of this tax may also be used for capital improvement and repair of school sites, buildings and permanent attached fixtures and for the payment of any special assessments levied against the property of the district authorized*

pursuant to section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay assessments for service charges, including but not limited to those described in section 429.101, whether levied pursuant to that section or pursuant to any other law or home rule provision. Subject to the commissioner's approval, the tax proceeds may also be used to rent or lease buildings for school purposes and to acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the renting or leasing of buildings for school purposes and the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal with respect to the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended.

The proceeds of the tax shall not be used for custodial or other maintenance services.

Sec. 42. Minnesota Statutes, 1975 Supplement, Section 124.17, Subdivision 1, is amended to read:

124.17 [DEFINITION OF PUPIL UNITS.] Subdivision 1. Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) In an elementary school, for kindergarten and for handicapped pre-kindergarten pupils as defined in section 120.03, and enrolled in one-half day sessions throughout the school year or the equivalent thereof, approved by the commissioner of education, one-half pupil unit and other elementary pupils, one pupil unit.

(2) In secondary schools, one and four-tenths pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

(3) In area vocational-technical schools one and one-half pupil units. This clause shall expire June 30, 1976.

(4) To meet the problems of educational overburden caused by broken homes, poverty and low income, each pupil in clauses (1) and (2) from families receiving aid to families with dependent children or its successor program shall be counted as an additional five-tenths pupil unit. By May 1 of each year the department of public welfare is directed to furnish to the department of education, and to each school district to the extent the information pertains to it, that information concerning children from families with dependent children which is necessary to calculate pupil units. Additional aids to a district for such pupils may be distributed on a delayed basis until the department of education publicly

certifies that the information needed for paying such aids is available on such a timely basis that such aids may be paid concurrently with other foundation aids.

(5) In every district where the number of pupils from families receiving aid to families with dependent children or its successor program exceeds five percent of the total actual pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for purposes of this clause, provided that in districts where the percent of concentration is less than six, no additional pupil units shall be counted under this clause for pupils from families receiving aid to dependent children or its successor program and provided further that no such pupil shall be counted as more than one and one-tenth additional pupil units pursuant to clauses (4) and (5). Such weighting shall be in addition to the weighting provided in clauses (1), (2), (3), and (4). School districts are encouraged to allocate a major portion of the aids that they receive on account of clauses (4) and (5) to primary grade programs and services, particularly to programs and services that involve participation of parents. Each district receiving aids on account of both clauses (4) and (5) shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all such aids received.

(6) Where the total pupil units of a district are used as a multiplier in determining foundation aids and spending and levy limitations and where the actual number of pupil units has decreased from the prior year, the number of pupil units shall equal the average of actual pupil units for the prior and current years in a district with boundaries coterminous with the boundaries of a city of the first class and shall be increased by .6 times the difference between the actual pupil units for the two years in any other district. *Only pupil units as computed in clauses (1) and (2) shall be included for purposes of computations made pursuant to this clause.*

(7) In districts maintaining classified secondary schools where the actual number of pupil units has increased from the prior year by two percent or more, the additional pupil units over the prior year, as computed in clauses (1) and (2), shall be multiplied times one-tenth for each percent of increase over the prior year and a number of pupil units equal to the product shall be added to the other units for the district. The percent of increase shall be rounded up to the next whole percent for purposes of this clause, provided that in districts where the percent of increase is less than two, no additional pupil units shall be added to the other units for the district and provided further that the number of pupil units of increase over the prior year shall under no circumstances be multiplied by more than five-tenths.

(8) Only pupil units in clauses (1) and (2) shall be used in computing adjusted maintenance cost per pupil unit.

Sec. 43. Minnesota Statutes, 1975 Supplement, Section 124.17, Subdivision 2, is amended to read:

Subd. 2. Membership for pupils in grades kindergarten through twelve and for handicapped prekindergarten pupils shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused; provided that any pupil, regardless of age, who has been absent from school without a legally justifiable excuse for 15 consecutive school days shall be dropped from the roll and classified as withdrawn. Nothing in Extra Session Laws 1971, Chapter 31, shall be construed as waiving the compulsory attendance provisions cited in section 120.10. Average daily membership shall equal the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days said schools are in session. For districts operating 12 months schools, days schools are in session shall mean the number of session days required by section 124.19, subdivision 1. The average daily membership of a pupil enrolled on a shared time basis shall equal the ratio of the total minutes for which such pupil is enrolled and the minimum minutes required during the year for a regularly enrolled public school pupil. Foundation aid for shared time pupils shall equal the amount which would accrue if shared time pupil units, counted pursuant to ~~this section subdivision 1, clauses (1) and (2),~~ were added to the district's total pupil units used in determining its foundation aid. *Foundation aid for shared time pupils shall be in addition to any other aid to which the district is otherwise entitled and shared time pupil units shall not be used for any other computation under subdivision 1 or for any computation under section 124.04.* A district shall not be entitled to transportation aid under section ~~124.22~~ 124.222 for pupils enrolled on a shared time basis unless the statutes specifically provide for transportation aid to such student. This subdivision shall be effective July 1, 1975 as applied to shared time foundation aid and July 1, 1976 as applied to pupils in area vocational-technical schools.

Sec. 44. Minnesota Statutes, 1975 Supplement, Section 124.212, Subdivision 8a, is amended to read:

Subd. 8a. (1) Notwithstanding any provisions of any other law to the contrary, the adjusted assessed valuation used in calculating foundation aid shall include only that property which is currently taxable in the district. For districts which received payments under sections 124.215, subdivision 2a; 124.25; 124.28; 124.30; ~~360.133; 360.135; and 124.20~~ 473.633; ~~and 473.635~~; the foundation aid shall be reduced by: The previous year's payment to the district pursuant to said sections times the ratio of the maximum levy allowed the district under section 275.125, subdivision 2a, to the total levy allowed by section 275.125, but not to exceed 45 percent in 1975-1976 and 50 percent in 1976-1977 of the previous year's payment.

(2) For districts which received payments under sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax upon severed mineral values, or under any other distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; the foundation aid shall be reduced in the August adjustment payment by the previous fiscal year's payment to the district pursuant to said sections times the ratio of the maximum levy allowed the district under section 275.125, subdivision 2a, to the total levy allowed by section 275.125 for collection in the calendar year ending during the aforementioned fiscal year, but not to exceed 40 percent in the August 1975 adjustment, 45 percent in the August 1976 adjustment, and 50 percent in the August 1977 adjustment of the previous fiscal year's payment.

Sec. 45. Minnesota Statutes, 1975 Supplement, Section 124.212, Subdivision 11a, is amended to read:

Subd. 11a. (1) If in any year the assessed value of any district is less than the assessed value of the immediate preceding year, the equalization aid review committee shall, upon notification by the county assessor prior to October 16 of that assessment year, redetermine for all purposes the adjusted assessed value of the immediate preceding year taking into account the decrease in assessed value. On or before November 1 of the assessment year, the equalization aid review committee shall file the redetermined adjusted assessed value with the commissioner of education who shall thereupon certify to the county auditors and school districts affected the redetermined adjusted assessed value and the appropriate levy limits of the school districts affected pursuant to section 275.125, subdivision 10. Notwithstanding section 275.07, the districts affected may certify the taxes voted to the county auditor on or before December 1.

(2) *If in any year the assessed value of class 1 and class 1a property, as defined in section 273.13, subdivision 2, in any district is less than the assessed value of such property in the immediately preceding year, the equalization aid review committee shall redetermine for all purposes the adjusted assessed value of the immediately preceding year taking into account only the decrease in assessed value of class 1 and class 1a property. If subdivision 11, clause (a) is applicable to such a district, the decrease in class 1 and class 1a property shall be applied to the adjusted assessed value as limited therein. In all other respects, the provisions of clause (1) shall be applicable.*

Sec. 46. Minnesota Statutes 1974, Section 124.212, is amended by adding a subdivision to read:

Subd. 20. *No adjustments to foundation aid payments resulting from omissions in school district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 15 of the next school year. Any school district educating children who are residents of another school district shall notify the district of residence within 60 days of the date the child is determined by the district to be a nonresident, but not later than October 1 following the end of the school year in*

which the child is educated. If the district of residence does not receive a notification from the providing district pursuant to this subdivision, it shall not be liable to that district for any tuition billing received after October 1 of the next school year.

Sec. 47. Minnesota Statutes 1974, Chapter 124, is amended by adding a section to read:

[124.213] [AID RECAPTURE.] *In any year when the amount of the maximum levy allowed for any district by section 275.125, subdivision 2a, clause (1) or (2), exceeds the product of (a) the district's foundation aid formula allowance for the corresponding school year under section 124.212 and (b) the number of pupil units computed for the district under section 124.17 for that school year, an amount equal to the difference between the levy as certified and the specified product shall be deducted in the following order from the aids for the purposes specified receivable during the same school year pursuant to the following sections: (1) transportation aid pursuant to section 124.222; (2) secondary vocational aid pursuant to section 124.57; (3) special education aid pursuant to section 124.32. For the 1977-1978 school year, the foundation aid formula allowance shall equal the lesser of \$1,015 or the sum of the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), and the greater of (a) five-sixths of the difference that results when such greater sum is subtracted from \$1,015, or (b) \$55. This section shall apply to school years commencing with the 1977-1978 school year; provided, deductions pursuant to this section shall be limited to the following percentages of the difference between the specified product and the certified levy in the school years indicated: 20 percent of the difference in the 1977-1978 school year; 60 percent of the difference in the 1978-1979 school year; and 100 percent of the difference in the 1979-1980 school year and each school year thereafter .*

Sec. 48. Minnesota Statutes 1974, Section 124.222, is amended by adding a subdivision to read:

Subd. 6. For the purposes of payment of transportation aids in the 1976 fiscal year and thereafter, the commissioner of education may adjust the base cost per eligible pupil transported during the 1974 fiscal year to reflect changes in costs resulting from alterations in school district boundaries.

Sec. 49. Minnesota Statutes, 1975 Supplement, Section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.] For the 1974-1975 school year and thereafter, school transportation and related services for which state transportation aid is authorized are:

(1) Transportation or board of resident pupils who reside one mile or more from the public schools which they could attend, or transportation to, from, or between the schools they attend pursuant to a program approved by the commissioner of education, or who reside one mile or more from a private school actually attended, but only to the extent permitted by sections 123.76 to 123.79 with respect to private school pupils;

(2) Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) Transportation for residents to and from a state board approved secondary vocational center;

(4) Transportation or board and lodging of a handicapped pupil when he cannot be transported on a regular school bus, and the conveying of handicapped pupils between home and school and within the school plant;

(5) When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) Transportation for resident pupils to and from an instructional community-based employment station which is part of an approved occupational experience secondary vocational program;

(7) Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education;

(8) Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

~~(8)~~ (9) Services described in clauses (1) to ~~(7)~~ (8) when provided in conjunction with a state board approved summer school program.

Sec. 50. Minnesota Statutes, 1975 Supplement, Section 124.26, is amended by adding a subdivision to read:

Subd. 4. [PAYMENT SCHEDULE.] The state shall pay to each school district 30 percent of its estimated adult education aid entitlement for the fiscal year on or before each of the following dates: September 30, December 31, and March 31. The actual balance due the district shall be paid on or before August 31 of the following fiscal year.

Sec. 51. Minnesota Statutes, 1975 Supplement, Section 124.271, Subdivision 2, is amended to read:

Subd. 2. In fiscal year 1977 and each year thereafter, the state shall pay 50 cents per capita to each school district which is operating a community school program in compliance with the rules and regulations established by the state board and which has levied ~~at least the lesser of \$1 per capita or the maximum permissible certified levy~~ for community services pursuant to section 275.125, subdivision 8, for use in that year.

Sec. 52. Minnesota Statutes 1974, Section 124.32, as amended by Laws 1975, Chapter 432, Sections 48 to 50, is amended to read:

124.32 [HANDICAPPED CHILDREN.] Subdivision 1. The state shall pay to any district ~~and unorganized territory~~ ;

(a) for the employment in its educational program for handicapped children, ~~55 no less than 55 and no more than 75~~ percent of the salary of essential personnel, but this amount shall not exceed \$10,000 ~~\$11,000~~ for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, including but ~~not limited to summer school whether the essential personnel are employed by a district alone or jointly with another district or districts~~ ;

(b) for the employment of an individual jointly with another district or districts or unorganized territory in its educational program for handicapped children, ~~55 percent of the salary of essential personnel, but this amount shall not exceed \$10,000 for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time including but not limited to summer school plus 10 percent of the salaries of essential personnel employed in its educational program for handicapped children, for the purpose of recognizing additional support costs of educational programs for handicapped children;~~

(c) less 25 percent of the foundation aid formula allowance for each handicapped child in average daily membership who receives special instruction and services for more than 50 percent of the time school is in session, except that no portion of the foundation aid formula allowance shall be deducted for pre-school handicapped children.

The state board shall promulgate rules establishing the method and criteria by which districts shall determine the percentage of time that handicapped children receive special instruction and services. The actual percent of the salaries of essential personnel to be applied by the state pursuant to clause (a) shall be determined by the commissioner within the limits of the appropriation for special education for the school year and shall be the same for all school districts in the state.

Subd. 1a. For purposes of section 124.32, for the 1976-1977 school year, the foundation aid formula allowance per pupil unit shall be the lesser of \$960 or the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2). Computations of foundation aid formula allowances pursuant to section 124.32 shall be based on the foundation aid formula allowance per pupil unit in the child's district of residence. For the purposes of computing foundation aid formula allowances pursuant to section 124.32, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1, clause (1) or (2).

Subd. 1b. For special instruction or training and services provided for any pupil pursuant to section 120.17, subdivision 2, clause (h), by contract with public, private or voluntary agencies other than Minnesota school districts, the state shall pay each district:

(1) the percent of the amount of the contract which is equal to

the actual percent of the salaries of essential personnel paid by the state pursuant to subdivision 1, clause (a);

(2) less 25 percent of the foundation aid formula allowance of the district for that pupil.

Subd. 2. The state shall ~~reimburse~~ pay each district ~~or unorganized territory~~ for supplies and equipment purchased or rented for use in the instruction of handicapped children ~~in the~~ *an* amount ~~of equal to~~ one-half of the sum actually expended by the district ~~or unorganized territory~~ but not to exceed an average of \$50 in any one school year for each handicapped child receiving instruction.

Subd. 3a. The purpose of this subdivision is to change the method of funding of educational programs for handicapped children from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1976, the state shall not reimburse expenditures from the 1975-1976 school year programs, including 1976 summer school programs, but shall pay aids for the 1976-1977 school year programs and for each year thereafter on a current funding basis.

Subd. 4. The aids provided for handicapped children shall be paid to the district providing the special instruction and services. Foundation aid shall be paid to the district ~~or unorganized territory~~ of the pupils' residence. The total amount of aid paid may not exceed the amount expended for handicapped children ~~for~~ *in the school year for which the aid is paid.*

Subd. 5. When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay to the resident district not to exceed 65 *the* percent of instructional costs charged to the resident district *which is equal to the actual percent of the salaries of essential personnel paid by the state pursuant to subdivision 1, clause (a)*, less the foundation aid ~~per pupil unit payable to~~ *formula allowance in* the resident district *for each handicapped child placed in a residential facility*. Not more than \$400,000 shall be spent annually for purposes of implementing this subdivision. If that amount does not suffice, the aid shall be pro rated among all qualifying districts.

The following types of facilities may be approved by the commissioner:

(a) A residential facility operated by a public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children, either within or outside of the state, or, a state residential school outside of the state.

(b) A private, nonsectarian residential facility designed to provide educational services for handicapped children either within or outside of the state.

(c) A state hospital or private nonsectarian residential center designed to provide care and treatment for handicapped children.

Subd. 6. The state shall ~~reimburse~~ pay each district ~~or unorganized territory~~ the actual cost incurred in providing instruction and services for a handicapped child whose district of residence has been determined by ~~sections~~ section 120.17, ~~subdivisions 7 or~~ subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment. This section does not apply for a child placed in a foster home or a foster group home.

Upon following such procedure as requested by the commissioner of education a district ~~or unorganized territory~~ providing instruction and services for such handicapped child may bill the state the actual cost incurred in providing said services including transportation costs and a proportionate amount of capital outlay and debt service, minus the amount of *the foundation aid ; formula allowance for the child and the special education aid*, transportation aid, and any other aid earned in behalf of such child, such action pursuant to limits set forth in section 124.32, subdivision 4.

Subd. 7. *Before June 1, 1976 and before May 1 of each year thereafter, each district providing special instruction and services to handicapped children shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall include an enumeration of the costs eligible for state aid pursuant to section 124.32 and of the estimated number and grade level of handicapped children in average daily membership in the district who will receive special instruction and services for more than 50 percent of the time school is in session during the next school year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and the evaluation of the program's compliance with the rules and standards of the state board. On or before August 1, 1976 and before July 1 of each year thereafter, the commissioner shall approve, disapprove or modify each application, and notify each applying district of his action and of the estimated level of aid for the programs determined pursuant to subdivision 1. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the school year, for programs needed to meet changes in the needs of handicapped children in the district.*

Subd. 8. *When planning programs for the education of handicapped children in the regular classroom, school districts are encouraged to consider the size of the regular class and to provide the support services necessary to insure successful mainstreaming.*

Subd. 9. *Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program the state shall pay to each school district 30 percent of its estimated special education aid for the school year on or before each of the following dates: September 30, December 30 and March 31. The final aid distribution to the district shall be made on or before August 31 of the following year.*

Subd. 10. Beginning with the summer of 1977, the state shall pay aid for summer school programs for handicapped children on the basis of the sections of Minnesota Statutes providing aid for handicapped children for the preceding school year. On or before March 15, 1977, and March 15 of each year thereafter, districts shall submit separate applications for program and budget approval for summer school programs. By May 1, 1977, and May 1 of each year thereafter, the commissioner shall approve, disapprove or modify the applications and notify the districts of his action and of the estimated level of aid for the summer school programs. Aid for these programs shall be paid on or before the October 1 after the summer when the programs are conducted.

Subd. 11. (1) Notwithstanding the provisions of subdivision 3a, Special School District No. 1 shall implement the change from reimbursement to current funding for aid to handicapped children as follows:

(a) The total amount of aid to handicapped children paid to the district each year shall be equal to the amount computed according to the current funding provisions of section 124.32.

(b) The district may account for \$4,700,000 of the amount in clause (a) on a reimbursement basis until such time as the district is required to account for aid to handicapped children on a current basis pursuant to clause (3).

(c) For purposes of revenue recognition the \$4,700,000 designated in clause (b) shall be recognized as revenue of the fiscal year preceding the fiscal year of receipt. The amount calculated pursuant to clause (a) less the \$4,700,000 designated in clause (b) shall be recognized as revenue of the fiscal year of receipt.

(2) (a) Special School District No. 1 shall establish an "account for special education statutory operating debt" and a "reserve account for current financing of special education". These accounts shall be established immediately following the effective date of this section.

(b) The "account for special education statutory operating debt" shall reflect the \$4,700,000 accounted for on a reimbursement basis pursuant to clause (1) (b). The special education statutory operating debt reflected in this account shall be in addition to the statutory operating debt of the district determined pursuant to section 32 of this act.

(c) Notwithstanding the provisions of section 88, clause (2) of this act, the "reserve account for current financing of special education" rather than the "reserve account for purposes of reducing statutory operating debt" shall reflect the proceeds of the levy authorized pursuant to section 88 of this act and the amount deposited pursuant to section 94 of this act until such time as the amount reflected in the "reserve account for current financing of special education" equals the amount reflected in the "account for special education statutory operating debt". Thereafter, the proceeds of the levy authorized pursuant to section 88 of this act shall be reflected in the "reserve account for purposes of reducing statutory operating debt".

(d) Until such time as the amount reflected in the "reserve account for current financing of special education" equals the amount re-

flected in the "account for special education statutory operating debt", the amount reflected in the "reserve account for current financing of special education" shall be used for the purposes for which special education aid may be used; however the amount reflected in this account shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's special education expenditures or budgets.

(e) Until such time as the amount reflected in the "reserve account for current financing of special education" equals the amount reflected in the "account for special education statutory operating debt", Special School District No. 1 may, in each year, issue certificates of indebtedness in anticipation of receipt of aid to handicapped children in an amount not to exceed \$4,700,000 less an amount equal to the amount reflected in the "reserve account for current financing of special education".

(3) When the amount reflected in the "account for special education statutory operating debt" equals the amount reflected in the "reserve account for current financing of special education" the district shall thereafter receive and account for aid to handicapped children on a current funding basis.

Sec. 53. Minnesota Statutes, 1975 Supplement, Section 124.43, Subdivision 1, is amended to read:

124.43 [CAPITAL LOANS.] Subdivision 1. To the extent moneys are from time to time available hereunder, the committee is authorized, after review and recommendation by the state board of education, to effect capital loans to school districts. Proceeds of such loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing, or equipping school buildings under contracts to be entered into within 12 months from and after the date on which each loan is granted. Applications with the accompanying data specified in subdivision 2 shall be filed between October 1 of any year and June 1 next following. No application shall be approved unless the state board of education certifies that the loan is needed to replace facilities dangerous to the health and safety of pupils, or to provide for pupils for whom no adequate facilities exist; that such facilities could not be made available by consolidating the district with an adjacent district without substantially lowering the fiscal capacity of that district or so increasing its area that it would no longer be viable; and that existing institutions or facilities within the area could not be acquired or leased to provide the needed facilities safely and at a lower cost. The state board shall make recommendations to the committee. No loan shall be approved for any district exceeding an amount computed as follows:

(1) The amount voted by the district under subdivision 2;

(2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on the date of approval, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or 30 percent of the adjusted assessed value, whichever is less ;

(3) Less the maximum net debt permissible for the district on the date of approval, under the limitation in section 475.53, subdivision 4, or 30 percent of the adjusted assessed value, whichever is less ; and

(4) Less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted, as estimated in accordance with subdivision 4, provided that the loan may be approved in an amount computed as provided in clauses (1) to (3), subject to subsequent reduction in accordance with this clause (4).

Sec. 54. Minnesota Statutes, 1975 Supplement, Section 124.561, Subdivision 3, is amended to read:

Subd. 3. [BUDGETS.] Before January 1, 1976, and before January 1 of each year thereafter post-secondary vocational-technical school budgets for the following fiscal year shall be submitted to the state board for vocational education. The state board for vocational education shall approve the budgets for each district ~~at prior to June 1 of each year after a consolidated public hearing held pursuant to chapter 15, which shall be held prior to June 1 of each year and which shall continue until all interested persons, representatives, and organizations have had an opportunity to be heard~~ *section 55 of this act*. The total amount of reimbursement payments approved for fiscal year 1975 payable in fiscal year 1976 shall not exceed by more than 14 percent the amount appropriated for post-secondary vocational-technical education for payment in fiscal year 1975. No district shall increase its operating deficit during fiscal year 1976 unless authorized to do so by the state board for vocational education. The state board for vocational education shall before September 1, 1975 promulgate rules and regulations which establish the approval criteria for budgets, including responsiveness to current and projected manpower needs of population groups to be served in the various geographic areas and communities of the state, particularly disadvantaged and handicapped persons; adequacy of evaluation of programs; and other criteria set forth in the state plan for vocational education. The commissioner, in cooperation with the department of finance, shall establish program budget standards by which area vocational-technical institutes shall submit financial requests.

Sec. 55. Minnesota Statutes, 1975 Supplement, Section 124.561, is amended by adding a subdivision to read:

Subd. 3a. The consolidated public hearing held by the state board pursuant to section 124.561, subdivision 3 shall take place with at least six board members present and shall continue until all interested persons, representatives, and organizations have had an opportunity to be heard. Notice of intention to hold the hearing shall be given at least 20 days prior to the date set for the hearing by United States mail to each district submitting a post-secondary vocational school budget, to other interested persons, representatives, and organizations who register their names with the commissioner of education for that purpose, and in the state register. The department of education shall make available at least one free copy of the proposed disposition of budgets to any person requesting it. Unless the commissioner determines that the use of an audio magnetic recording device is more appropriate, a court reporter shall keep a record at every hearing. A transcript of the hearing record shall be made available upon the request of any person, provided that the request is in writing and the cost of preparing the transcript is borne by the requesting person. After allowing written material to be submitted and added to the hearing record for five days after the public

hearing ends, the commissioner of education shall proceed as promptly as possible to write a report containing the proposed final disposition of budgets. This report shall contain findings and conclusions based on substantial evidence from the hearing record to support the proposed final disposition. The report shall be available to all affected school districts upon request for at least 15 days before the state board takes final action on the budgets. Any district which is adversely affected by the proposed final disposition of budgets may demand and shall be given an opportunity to be heard in support of modification of the proposed disposition at the meeting at which the state board takes final action on the budgets; provided, the state board may place reasonable restrictions on the length of time allowed for testimony.

Sec. 56. Minnesota Statutes, 1975 Supplement, Section 124.562, Subdivision 2, is amended to read:

Subd. 2. Membership for pupils in post-secondary vocational-technical schools shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that he has left or has been legally excused; provided that any pupil, regardless of age, who has been absent from school without a legally justifiable excuse for 15 consecutive school days shall be dropped from the roll and classified as withdrawn. No pupil who is counted in average daily membership pursuant to this section shall be counted in average daily membership in any district pursuant to section 124.17, subdivision 2. *Average daily membership shall equal the sum for all pupils of the number of days of the school year each pupil is enrolled in a post-secondary vocational-technical school in a district divided by 175, unless he is eligible to earn foundation aid pursuant to section 120.80 or is attending a post-secondary vocational-technical school course on a part time basis in addition to spending six hours per day in a secondary program. Average daily membership for pupils who are enrolled on a part time basis in post-secondary vocational-technical schools, but not including adult vocational pupils, shall equal (a) the sum for all pupils of the number of days of the school year each pupil is enrolled in a post-secondary vocational-technical school in the district times the number of hours per day each student is enrolled divided by the number of hours the school is in session per day six (b) divided by 175; provided the number of hours which are counted for average daily membership for any pupil in any one program shall in no event exceed the number of hours approved by the state board for completion of the program. For a post-secondary vocational-technical school, the normal school year shall be at least the number of session days required by section 124.19, subdivision 1. In all post-secondary vocational-technical schools, the minimum length of the school day for each pupil, exclusive of the noon intermission, shall be six hours. Exceptions may be made by the local school administration for approved programs to meet individual student needs.*

Sec. 57. Minnesota Statutes, 1975 Supplement, Section 124.563, Subdivision 3, is amended to read:

Subd. 3. Post-secondary vocational categorical and capital expenditure aid shall be apportioned by the state board for vocational education at the consolidated public hearing held pursuant to section 124.561, subdivision 3. All post-secondary vocational categorical and capital expenditure aid approved at this public hearing shall be distributed to the districts on or before August 1, December 1, March 1 and June 1 of each year. Additional post-secondary vocational categorical and capital expenditure aid may be distributed on or before March 1 and June 1 of each year if it is apportioned at a consolidated public hearing held ~~in~~ *before February pursuant to chapter 15 15 of that year in the manner specified in section 55 of this act*. On the date of each post-secondary vocational categorical and capital expenditure aid payment, the state board shall report to the appropriate committees of the legislature on the distribution of post-secondary vocational categorical and capital expenditure aid. The report shall include (a) the recipients of the aid; (b) the amounts distributed, and (c) the reasons for these distributions.

Sec. 58. Minnesota Statutes, 1975 Supplement, Section 124.564, is amended to read:

124.564 [POST-SECONDARY VOCATIONAL DEBT SERVICE CREDITS.] The state board for vocational education shall ~~pay to provide, for credit against the debt service levy of qualifying districts, post-secondary vocational debt service aid equal to the state portion of debt service costs. The state portion of debt service costs shall equal the amount necessary to make payments for due in each school year ending June 30 with respect to bonds issued to finance post-secondary vocational facilities and for interest thereon, multiplied by the average of the district's nonresident reimbursement percentage pursuant to Minnesota Statutes 1974, Section 121.21, Subdivision 5, in fiscal years ended June 30, 1973, 1974, and 1975. The local portion of debt service costs shall equal the amount necessary to make these payments, less the state portion of debt service costs. No district shall qualify for this post-secondary vocational debt service aid unless it has certified a levy equal in the total amount to the local portion of debt service costs, pursuant to required by section 275.125, subdivision 1 475.61, for collection in the calendar year in which the aid credit is to be given~~. Post-secondary vocational debt service aid shall be utilized solely for payments for bonds issued to finance post-secondary vocational facilities and for interest thereon, and these bond and interest payments shall be made solely with proceeds from this aid and the local debt service levy computed each year before October 1, commencing October 1, 1976, by the state board for vocational education with reference to each school district bond issue financing post-secondary vocational facilities, as a percentage of the sum of the bonds and interest to become due in the school year commencing on the following July 1. The amount for each school district shall be certified by the board on or before October 1 to the school district, and to the county auditors of all counties containing taxable property within the school district, and to the state commissioner of finance. This amount shall be deducted by the county auditors from the amount of the

debt service levies of the school district to be assessed and extended against the taxable property therein for collection in the following year, and shall be payable instead from the appropriation made by this section. The commissioner of finance shall issue to the state treasurer warrants for payment of one-half of the amount to the treasurer of the school district on or before July 15 and one half thereof on or before November 15 in the following year, in lieu of the distributions of this amount otherwise payable by county treasurers at these times under the provisions of section 276.11. The amount of \$7,500,000 is annually appropriated from the general fund to the respective districts entitled to these payments, for expenditure in fiscal years beginning with fiscal year 1978. This appropriation shall not lapse until and unless otherwise provided by law, but shall be reduced by the amount of any funds specifically appropriated for the same purpose in any year from any state fund. In the event that the appropriation is revoked in any future year, the state board for vocational education shall certify this fact to each school district theretofore entitled to an aid credit under this subdivision. The appropriation heretofore made for post-secondary vocational debt service aid payable in the school year ending June 30, 1977, is confirmed, and the board shall continue to provide for the payment of debt service aids therefrom at or before the due dates of school district bonds and interest in that school year. In addition, the state board for vocational education shall pay to districts which expended cash balances to finance the construction of new post-secondary vocational facilities and which the state board prior to May 15, 1975 agreed to repay for these expenditures the amount of the repayment specified in the agreement. Funds received in repayment shall revert to the fund of origin in the district. This section shall be effective July 1, 1976.

Sec. 59. Minnesota Statutes, 1975 Supplement, Section 124.565, Subdivision 2, is amended to read:

Subd. 2. Any person who has attained his 21st birthday and who would, but for that fact, qualify under subdivision 1 to attend a post-secondary vocational-technical school without tuition, may attend the school without tuition ~~subject to the other provisions of this subdivision~~, if he entered active military service in any branch of the armed forces of the United States before his 21st birthday, ~~was a Minnesota resident at the time of induction into the armed forces and had been a Minnesota resident during the six months immediately preceding induction, and who has then been~~ separated or discharged from active military service under conditions other than dishonorable, and if he applies for admission to the school before his 29th birthday. Time after separation or discharge from military service spent as an in-patient in a hospital or similar institution for treatment of an illness or disability or in recovery from an illness or disability that prevents gainful occupation or study shall be added to the time allowed for application.

Sec. 60. Minnesota Statutes 1974, Chapter 124, is amended by adding a section to read:

[124.566] *Notwithstanding the provisions of section 16.16 or 16A.57 or any other law to the contrary, the state board for vocational education may expend amounts appropriated by the legislature for post-secondary vocational categorical aid to pay post-secondary vocational foundation aid in any year when the appropriation for post-secondary vocational foundation aid is insufficient because of an increase in average daily membership. On the date of any expenditure pursuant to this section, the state board shall report the expenditure to the appropriate committees of the legislature.*

Sec. 61. Minnesota Statutes 1974, Chapter 124, is amended by adding a section to read:

[124.572] [CURRENT FUNDING FOR ADULT VOCATIONAL EDUCATION.] *The purpose of this section is to change the method of funding adult vocational programs from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1977, the state shall not reimburse expenditures from the 1976-1977 school year programs, but shall pay aids for the 1977-1978 school year programs and for each year thereafter on a current funding basis.*

Sec. 62. Minnesota Statutes 1974, Chapter 124, is amended by adding a section to read:

[124.573] [CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION.] *The purpose of this section is to change the method of funding secondary vocational programs from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1978, the state shall not reimburse expenditures from the 1977-1978 school year programs, but shall pay aids for the 1978-1979 school year programs and for each year thereafter on a current funding basis.*

Sec. 63. Minnesota Statutes, 1975 Supplement, Section 124.611, Subdivision 1, is amended to read:

124.611 [ELIGIBLE TEACHER PROGRAM.] Subdivision 1. Any teacher who has been ~~en~~ will be placed on unrequested leave of absence pursuant to section 125.12, subdivision 6a or 6b, or has been discharged pursuant to section 125.12, subdivision 3, or section 125.17, subdivision 2 or 3, as a result of a discontinued position, lack of pupils or financial limitations, may apply ~~by~~ *May 1, 1976*, to the state board of education to be classified as an eligible teacher. The state board shall approve applications of teachers on unrequested leave of absence ~~from districts which, according to criteria established by the state board, are experiencing cost limitations because of severely declining enrollments~~ and teachers discharged pursuant to section 125.12, subdivision 3, or section 125.17, subdivision 2 or 3. By June 1, 1976, the state board shall issue a list of approved eligible teachers for the purpose of informing districts of the availability of these teachers; provided that nothing in this subdivision shall be construed to prohibit the state board from approving teacher applications received after publication of the list, but prior to December 31, 1976.

Sec. 64. Minnesota Statutes, 1975 Supplement, Section 124.611, Subdivision 2, is amended to read:

Subd. 2. Any district which has not placed ~~or will not place~~ any teachers on unrequested leave of absence pursuant to section 125.12, subdivision 6a or 6b ~~or has not discharged any teachers pursuant to section 125.12, subdivision 3, or section 125.17, subdivision 2 or 3~~, may petition the state board of education by July 1, 1976 to be eligible to receive aid for hiring an eligible teacher.

~~The state board of education shall approve or disapprove each petition by August 1, 1976, giving priority to districts which have a high proportion of inexperienced teachers, increasing enrollments and cost limitations which prevent the employment of experienced teachers.~~

Eligible teacher aid shall be paid *according to the following schedule*:

(1) In the 1976-1977 school year ~~to~~, the hiring school district ~~in shall receive~~ an amount equal to 80 percent of the difference between the B.A. minimum salary in the hiring district and the salary which the teacher would receive in that year in the hiring district based upon his training, credits and experience ;

(2) In the 1977-1978 school year, the hiring district shall receive ~~eligible teacher aid equal to 60 percent of the amount calculated in the first year salary difference in clause (1) ;~~

(3) In the 1978-1979 school year the hiring district shall receive ~~eligible teacher aid equal to 40 percent of the amount calculated for the first year, salary difference in clause (1); and~~

(4) In the 1979-1980 school year and thereafter such aids shall terminate.

Sec. 65. Minnesota Statutes 1974, Section 125.185, Subdivision 4, is amended to read:

Subd. 4. The commission shall develop and create criteria, rules, and regulations for the certification of public school teachers and interns, which shall be submitted to the state board of education for approval, and from time to time the commission shall revise or supplement the criteria for certification of public school teachers subject to approval by the state board. It shall be the duty of the commission to establish criteria for the approval of teacher education programs subject to approval by the board. Subject to criteria, rules, and regulations approved by the state board of education, the commission shall also grant certificates to interns and to candidates for original certificates and receive recommendations from local committees as established by the commission for the renewal of teaching certificates, to grant life certificates to those who qualify according to requirements established by the commission, and suspend or revoke certificates pursuant to section 125.09. With regard to vocational education teachers the commission shall adopt and maintain as its criteria the state plan for vocational education.

In the event the state board of education disapproves any proposal from the commission, it shall give written notice of such disapproval within ~~120~~ 60 days after the receipt of the proposal including its reasons. Any proposal disapproved by the state board may be resubmitted by the commission at any time after the expiration of ~~90~~ 45 days after the date of disapproval.

Sec. 66. [128A.01] [LOCATION.] *The Minnesota school for the deaf and the Minnesota braille and sight-saving school shall be continued at Faribault, and shall be grouped and classed with the educational institutions of the state.*

Sec. 67. [128A.02] [TRANSFER OF AUTHORITY.] *Subdivision 1. The state board of education shall be responsible for the control, management and administration of the Minnesota school for the deaf and the Minnesota braille and sight-saving school, and all the property real or personal appertaining thereto.*

Subd. 2. The state board shall promulgate rules regarding the maintenance and conduct of both schools and the individuals in attendance, and shall perform all duties necessary to provide the most beneficial and least restrictive program of education for each child handicapped by visual disability or hearing impairment.

Subd. 3. The state board may employ central administrative staffs and other personnel as necessary to provide and support programs and services in each school. These schools shall be deemed to be public schools for the purposes of sections 125.03 and 125.04, and all teachers as defined in those sections who are employed at these schools shall be subject to the standards of the board of teacher standards and certification and the state board of education; provided that any teacher who does not meet these standards as of July 1, 1977 shall be required to meet these standards by September 15, 1978 in order to continue in employment.

Subd. 4. The state board may enter into contracts with other public and private agencies and institutions to provide residential and building maintenance services if it determines that these services could thus be provided in a more efficient and less expensive manner. The state board may also enter into contracts with public and private agencies and institutions, school districts or combinations thereof, and educational cooperative service units to provide supplementary educational instruction and services.

Sec. 68. [128A.03] [ADVISORY COUNCILS.] *Subdivision 1. The state board of education shall appoint an advisory council on the Minnesota school for the deaf and an advisory council on the Minnesota braille and sight-saving school. These councils shall advise the state board on policies pertaining to the control, management, and administration of these schools.*

Subd. 2. Each advisory council shall consist of seven members. The members shall be representative of the various geographic regions of the state, shall include parents or guardians of visually disabled or hearing impaired children, and shall include two representatives from groups representing the interests of visually disabled or hearing impaired individuals, as applicable. All members

shall have knowledge, experience and interest in the problems of visually disabled or hearing impaired children.

Subd. 3. The councils shall expire and the terms, compensation and removal of members shall be as provided in section 15.059.

Sec. 69. [128A.04] [GIFTS AND CONVEYANCES.] *The state board of education shall take and hold in trust all lands or other property granted, given, devised, or conveyed to the schools, or to either of them. All moneys and securities so received and all income from this property shall be deposited in the state treasury in compliance with section 16.18, subject to the order of the state board.*

Sec. 70. [128A.05] [ATTENDANCE.] Subdivision 1. [SCHOOL FOR THE DEAF.] *Any individual who is between four and 21 years of age and who is deaf or hard of hearing shall be entitled to attend the school for the deaf if it is determined pursuant to the provisions of section 120.17, that the nature or severity of the hearing impairment is such that education in regular or special education classes provided for by the school district of residence cannot be achieved satisfactorily and that attendance at the school would be the least restrictive alternative for that individual. Nothing in this subdivision shall be construed as a limitation on the attendance at this school of children who have other handicaps in addition to being deaf or hard of hearing.*

Subd. 2. [BRAILLE AND SIGHT-SAVING SCHOOL.] Any individual who is between four and 21 years of age and who is blind or partially seeing shall be entitled to attend the braille and sight-saving school if it is determined pursuant to the provisions of section 120.17, that the nature or severity of the visual impairment is such that education in regular or special education classes provided for by the school district of residence cannot be achieved satisfactorily and that attendance at the school would be the least restrictive alternative for that individual. Nothing in this subdivision shall be construed as a limitation on the attendance at this school of children who have other handicaps in addition to being blind or partially seeing.

Subd. 3. Attendance at the school for the deaf and the braille and sight-saving schools shall be subject to the compulsory attendance provisions of section 120.10 except that attendance may be excused pursuant to that section by the commissioner of education or his designee. Any person failing to comply with the provisions of section 120.10 shall be subject to the provisions of section 120.12. The superintendent of the applicable school shall exercise the duties imposed by section 120.12. Attendance at the school for the deaf or the braille and sight-saving school shall fulfill the mandatory requirements of section 120.17.

Sec. 71. [128A.06] [ADMITTANCE AND DISCHARGE.] Subdivision 1. *The admissions and discharge committee of each school shall include the field consultant of the applicable school and four members who are knowledgeable in the fields of hearing impairment or visual disability, as applicable, to be appointed by the state board.*

Subd. 2. Preliminary application for admission shall be made by the district of the child's residence to the admissions and discharge com-

mittee by June 1 upon the appropriate forms provided by the field consultant or the district superintendent. The admissions and discharge committee shall make its decision by July 1 on the basis of a review of the educational record and needs of the child. An admittance shall be provisional until it is determined that that individual comes within the provisions of section 70, subdivision 1 or 2 of this act.

Subd. 3. An individual in attendance at either school prior to July 1, 1977, shall be entitled to continue in attendance without reapplication provided that it is determined by September 1, 1977 that that individual comes within the provisions of section 70, subdivision 1 or 2 of this act.

Subd. 4. The admissions and discharge committee shall determine whether any child in attendance at the applicable school can also benefit from public school enrollment. This decision shall be subject to the provisions of section 120.17, and shall be made only after consultation with the parents and the school district of residence.

Subd. 5. The progress of an individual in attendance at either school shall be evaluated by the professional staff of that school as provided by the rules of the state board. The individual shall be returned to the district of residence when deemed appropriate by the admissions and discharge committee.

Subd. 6. Decisions concerning admittance and discharge shall be subject to appeal to the commissioner by the child's parent or guardian or school district of residence pursuant to rules promulgated by the state board, and shall be made only after consultation with the parents and the school district of residence.

Sec. 72. [128A.07] [EXPENSE OF PUPILS.] Any individual attending the school for the deaf or the braille and sight-saving school shall be provided, by the person legally liable for his support, with sufficient funds to furnish him with proper clothing, postage, and necessary incidental expenses. If the person legally liable for his support is unable to make these provisions for him, the county welfare board of the county of which he is a resident shall pay to the superintendent of the school in which he is a pupil a sum to be fixed by the commissioner of education pursuant to rules promulgated by the state board. In addition, the school district of residence shall be liable for the actual transportation of the pupil to and from the school in which he is a pupil.

Applicants from other states who can benefit by being enrolled may be accepted so long as acceptance does not preclude acceptance of an eligible Minnesota resident. The commissioner of education shall obtain reimbursement from other states for the costs incurred in connection with nonresidents accepted and may contract with the appropriate authorities of other states to effect reimbursement. All money received from other states shall be paid to the state treasurer and placed in the general fund subject to the order of the state board.

Sec. 73. [128A.08] [FIELD CONSULTANTS.] The state board of education shall employ a field consultant for each of these schools. The duties of the field consultant shall include visiting all visually disabled or hearing impaired children residing in the state and assisting them and their parents in any and all matters relating to their edu-

cations. The field consultant shall have knowledge of the problems of visually disabled or hearing impaired persons, shall be learned and experienced in counseling and shall possess such other educational qualifications as may be determined by the state board. He shall have an office and secretarial staff in his respective school. He shall have access to reports and statistics of all schools and social agencies in the state to the extent consistent with state and federal law and shall attempt to identify all visually disabled and hearing impaired children, their abilities and educational status, and shall provide this information to the state board. He shall meet with parents and guardians of visually disabled or hearing impaired children and assist them in making decisions as to the types of education most beneficial to their children. He shall also make arrangements for the education of their children in either of these schools. The activities of the field consultant shall be conducted in cooperation with the appropriate consultant or administrative staff of the state department.

Sec. 74. [EFFECT OF TRANSFER TO STATE BOARD OF EDUCATION.] Subdivision 1. [TRANSFER OF FUNCTIONS.] The powers, duties and functions of the commissioner of public welfare relating to the Minnesota school for the deaf and the Minnesota braille and sight-saving school are transferred to the state board of education which shall be the successor to the commissioner of public welfare as to all powers and duties heretofore vested in and imposed upon the commissioner of public welfare relating to these schools.

Subd. 2. [TRANSFER NOT TO CONSTITUTE NEW AUTHORITY.] Except as provided in this section, the transfer of powers, duties and functions under sections 66 to 74 shall not constitute the creation of a new authority, but shall constitute a continuation of the powers, duties and functions. For the purpose of succession, all rights, authorities, powers, duties, functions and obligations existing at the time of transfer shall continue with the same force and effect as if no transfer had been made.

Subd. 3. [CONTINUATION OF RULES.] Any order or rule issued or existing and in force at the time of the transfer of powers, duties and functions under sections 66 to 74, and not otherwise inconsistent with these sections shall continue in full force and effect as an order or rule of the state board, or program under the control of the state board, until the order or rule is amended, repealed or superseded, or the program terminated.

Subd. 4. [TRANSFER NOT TO AFFECT LEGAL ACTION.] The transfer of powers, duties and functions as provided in sections 66 to 74 shall not affect any action or proceeding whether of an administrative, civil or criminal nature pending at the time of the transfer, but the action shall be prosecuted or defended in the name of the state board, and the state board, upon application to the appropriate court, shall be substituted as a party to the action or proceeding. No contract entered into according to law shall be affected by the transfer, but shall be performed as if the transfer had not occurred.

Subd. 5. [TRANSFER OF STATUTORY REFERENCE.] Whenever a person or authority whose powers, duties and functions are transferred hereunder is referred to in any statute, contract or document, the reference or designation shall be deemed to refer to the board, department

or officer to which the powers, duties and functions have been transferred.

Subd. 6. [CONTINUATION OF RIGHTS OF EMPLOYMENT.] *All employees in the classified or unclassified service, pursuant to the provisions of the state personnel act, of the department of public welfare employed at these schools on the effective date of this section are transferred to the department of education, and the employees shall not lose any rights or benefits now accorded them by law.*

Subd. 7. [TRANSFER OF PROPERTY.] *All books, maps, plans, papers, records and property of every description within the jurisdiction and control of the commissioner of public welfare relating to these schools and necessary for their operation shall be delivered and turned over to the state board of education, and it is authorized to take possession thereof.*

Subd. 8. [TRANSFER OF FUNDS.] *The unencumbered and unexpended balance of all funds appropriated to the commissioner of public welfare for the Minnesota school for the deaf and the Minnesota braille and sight-saving school are transferred and reappropriated to the department of education. All state and federal aids from any source which have heretofore been available to the commissioner of public welfare for the use of these schools are hereby granted to the department of education.*

Sec. 75. *On or before January 15, 1977, the commissioner of public welfare shall report to the legislature as to whether the transfer of any funds under sections 67 and 74 of this act would violate any federal laws or regulation or would cause the loss of any federal money or aid. The report shall specify the programs involved, shall cite the specific authority which would be violated, and shall detail the consequence of this violation.*

Sec. 76. Minnesota Statutes 1974, Section 246.01, is amended to read:

246.01 [POWERS AND DUTIES.] *The commissioner of public welfare is hereby specifically constituted the guardian of both the estate and person of all feeble-minded or epileptic persons, the guardianship of whom has heretofore been vested in the state board of control or in the director of social welfare whether by operation of law or by an order of court without any further act or proceeding, and all the powers and duties vested in or imposed upon the state board of control or the director of social welfare, with reference to mental testing of persons mentally deficient or epileptic, and with reference to the institutions of the state of Minnesota except correctional institutions administered and managed by the commissioner of corrections, are hereby transferred to, vested in, and imposed upon the commissioner of public welfare, and in relation thereto he is hereby charged with and shall have the exclusive power of administration and management of all of the following state institutions: The schools and hospitals for the mentally retarded and epileptic, state hospitals for the mentally ill, the Minnesota braille and sight-saving school, the state school for the deaf, and the state hospital for inebriates. He shall have power and authority to determine all*

matters relating to the unified and continuous development of all of the foregoing institutions and of such other institutions, the supervision of which may, from time to time, be vested in him. It is intended that there be vested in him all of the powers, functions, and authority heretofore vested in the state board of control relative to such state institutions. He shall have the power and authority to accept, in behalf of the state, contributions and gifts of money and personal property for the use and benefit of the inmates of the public institutions under his control, and all moneys and securities so received shall be deposited in the state treasury subject to the order of the commissioner of public welfare. If the gift or contribution is designated by the donor for a certain institution or purpose, the commissioner of public welfare shall expend or use the same as nearly as may be in accordance with the conditions of the gift or contribution, compatible with the best interests of the inmates and the state. The commissioner of public welfare is hereby constituted the "state agency" as defined by the social security act of the United States and the laws of this state for all purposes relating to mental health and mental hygiene.

For the purpose of carrying out his duties, the commissioner of public welfare shall accept from mentally deficient wards for whom he is specifically appointed guardian a signed application for his consent to the marriage of said ward. Upon receipt of such application he shall promptly conduct such investigation as he deems proper and determine if the contemplated marriage is for the best interest of the ward and the public. A signed copy of the commissioner's determination shall be mailed to the ward and to the clerk of the district court of the county where the application for such marriage license was made.

There is hereby appropriated to such persons or institutions as are entitled to such sums as are provided for in this section, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make such payment.

Sec. 77. Minnesota Statutes 1974, Section 248.07, Subdivision 3, is amended to read:

Subd. 3. [SPECIAL ATTENTION.] The commissioner of public welfare shall give special attention to the cases of ~~such blind handicapped youth as who are eligible to attendance at attend~~ the Minnesota braille and sight-saving school, ~~the Minnesota school for the deaf or the public school classes for the blind handicapped children~~, but are not in attendance thereat, or are not receiving adequate instruction elsewhere ~~and seek to secure such attendance by all practicable means~~. ~~The commissioner shall report all such cases to the school district of the individual's residence and to the state board of education.~~

Sec. 78. Minnesota Statutes, 1975 Supplement, Section 268.08, Subdivision 5, is amended to read:

Subd. 5. [SERVICES PERFORMED FOR STATE, MUNICIPALITIES OR CHARITABLE CORPORATIONS.] ~~Effective January 1, 1974,~~ Benefits based on service in employment defined

in section 268.04, subdivision 12, clauses (7), (8), and (9), shall be payable in the same amount, on the same terms and subject to the same conditions as compensation payable on the basis of other service subject to this law except that, (a) benefits based on service in an instructional, research, or principal administrative capacity in an institution of higher education (as defined in section 268.04, subdivision 12, clause (15)) shall not be paid to an individual for any week of unemployment which begins during the period between two successive academic years, or during a similar period between two regular terms, whether or not successive, or during a period of paid sabbatical leave provided for in the individual's contract, if the individual has a contract or contracts to perform services in any such capacity for any institution or institutions of higher education for both such academic years or both such terms; (b) benefits based on wage credits earned in the employment of a public or private school, or a political subdivision for service with respect to a school, shall not be paid to an individual during any period between two successive school years when the activity in which the wage credits were earned is not normally performed. This provision shall not apply to any individual who, prior to the end of a school year, has voluntarily left or has been indefinitely separated from such employment *unless the individual has obtained employment with the same or another public or private school to commence at the beginning of the next school year*. For the purposes of this clause, school year means that period established by a school board in accordance with Minnesota Statutes 1971, section 126.12.

Sec. 79. Minnesota Statutes, 1975 Supplement, Section 273.138, Subdivision 3, is amended to read:

Subd. 3. Each school district shall receive reimbursement in 1974 and subsequent years in an amount equal to the product of its 1972 assessed value of real property exempted from taxation by section 272.02, subdivision 1 times the sum of its mill rates for the following levies:

- (1) A levy for capital outlay, pursuant to section 124.04;
- (2) A levy to pay the principal and interest on bonded indebtedness, including the levy to pay the principal and interest on bonds issued pursuant to Minnesota Statutes 1974, Section 275.125, Subdivision 3 (7) (c);
- (3) A levy to pay the principal and interest on debt service loans, pursuant to section 124.42;
- (4) A levy to pay the principal and interest on capital loans, pursuant to section 124.43;
- (5) A levy to pay amounts required in support of a teacher retirement fund, pursuant to section 422.13;
- (6) A levy for additional maintenance cost in excess of 30 29 mills times the adjusted assessed valuation of the school district, pursuant to section 275.125, subdivision 6 or 7.

For the purpose of this subdivision, a school district mill rate

for any of the forementioned levies which has not applied to the total taxable value of such school district shall be added to the forementioned sum of mill rates as if it had been applied to the entire taxable value of the school district.

Sec. 80. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. (1) In 1975, a school district may levy for all general and special school purposes, an amount equal to the amount raised by the 1974 adjusted assessed valuation of the district times the number of mills, not to exceed 29, that bears the same relation to 29, as the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), bears to \$960.

(2) In 1976, a school district may levy for all general and special school purposes, an amount equal to the amount raised by the 1975 adjusted assessed valuation of the district times the number of mills, not to exceed 29, that bears the same relation to 29, as the sum of the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), and the greater of (a) five-sixths of the difference that results when such greater sum is subtracted from \$1015, or (b) \$55, bears to \$1015.

(3) For any district levying less than 95 percent of the maximum levy allowable in clauses (1) and (2), beginning with the levy certified in 1976, payable in 1977, the foundation aid to the district for the 1977-1978 school year, and for subsequent levies, foundation aid for subsequent school years, calculated pursuant to section 124.212, shall be reduced by 50 percent of the amount of the difference between the actual levy and the maximum levy allowable under clauses (1) and (2). In the application of this clause, the maximum levy allowable under clauses (1) and (2) shall be reduced by any reduction of this levy which is required by section 275.125, subdivision 9 or any other law.

(4) The levy authorized by clauses (1) or (2) may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. Such a referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only one such election may be held in a single school year. The question on the ballot shall be whether a specific millage which will yield a specific amount based on the most recent assessed valuation may be added to that authorized by clauses (1) or (2). If approved, the amount provided by the millage applied to each year's assessed valuation shall be authorized for certification until revoked by the voters of the district at a subsequent referendum, which may be called by the school board and which shall be called by the school board upon the written petition of qualified voters of the district unless the petition for revocation is submitted in the same year in which a levy has been increased by the voters pursuant to this clause. A petition authorized by this clause shall be effective if signed by a number of qualified voters in excess of 15 percent, or 10 percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most

recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board unless the petition for revocation is submitted in the same year in which a levy has been increased by the voters pursuant to this clause. Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

Sec. 81. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 4, is amended to read:

Subd. 4. *A school district may levy the amounts necessary to make payments for bonds issued and for interest thereon, including the bonds and interest thereon, issued as authorized by section 275.125, subdivision 3, clause (7) (C), as it read in Minnesota Statutes 1974 ; and ; the amounts necessary for repayment of debt service loans and capital loans ; ; the amount authorized for capital expenditures pursuant to section 124.04 ; and ; the amount authorized for liabilities of dissolved districts pursuant to section 122.45 and ; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25 ; and the amounts necessary to pay the district's obligations under section 127.05 .*

Sec. 82. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 5, is amended to read:

Subd. 5. *For school transportation services, a school district may levy an amount not to exceed the amount raised by a levy of one mill times the adjusted assessed valuation of the taxable property of the district for the preceding year. A district may levy under this subdivision for the annual cash payments to be made for the purchase of buses, but only for that portion of the payments not offset by state transportation aid received on account of depreciation ; and provided further that . Beginning with the levy certified in 1975 1976 , a district may levy for transportation costs or other related services which are approved by the commissioner as necessary because of extraordinary traffic hazards for the current fiscal year.*

Sec. 83. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 6, is amended to read:

Subd. 6. (1) *In 1975 any district in which the 1970-1971 adjusted maintenance cost per pupil unit in average daily membership was greater than \$663 per pupil unit may levy an amount per pupil unit which is equal to or less than the difference between the 1970-1971 adjusted maintenance cost per pupil unit in average daily membership and \$663 per pupil unit. Provided, however, that a district with boundaries coterminous with the boundaries of a city of the first class which was affected by the limitation of an extra levy not to exceed 1.9 mills times the adjusted assessed valuation of the district shall be allowed to levy an amount per pupil unit which is equal to 2.0 mills times the 1974 adjusted assessed valuation of the district, divided by the number of pupil units in the district in 1975-1976.*

(2) *In 1976 and each year thereafter , any district which quali-*

fied in 1975 for an extra levy under clause (1) shall be allowed to levy the same amount per pupil unit allowed by that clause.

~~(3) In 1977 and each year thereafter, any district which qualified in 1976 for an extra levy under clause (2) shall be allowed to levy the same amount per pupil unit allowed by that clause, reduced by two and one-half percent each year.~~

~~(1) (3)~~ For purposes of computing allowable levies under this subdivision, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (6) and (7). The provisions of this clause shall not affect or modify any district's 1970-1971 adjusted maintenance cost per pupil unit in average daily membership.

Sec. 84. Minnesota Statutes 1974, Section 275.125, is amended by adding a subdivision to read:

Subd. 6a. (1) In addition to the excess levy authorized in subdivision 6, in 1976 any district within a city of the first class which was authorized in 1975 to make a retirement levy under sections 275.127 and 422A.01 to 422A.25 may levy an amount per pupil unit which is equal to the amount levied in 1975 payable 1976, under sections 275.127 and 422A.01 to 422A.25, divided by the number of pupil units in the district in 1976-1977.

(2) In 1977 and each year thereafter, any district which qualified in 1976 for an extra levy under clause (1) shall be allowed to levy the same amount per pupil unit allowed by that clause, reduced each year by ten percent of the difference between the amount levied for retirement in 1971 under Minnesota Statutes 1971, Sections 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under Minnesota Statutes 1974, Sections 275.127 and 422A.01 to 422A.25.

Sec. 85. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 7, is amended to read:

Subd. 7. (1) In addition to the excess levy authorized in subdivision 6, any district in Hennepin county or Ramsey county, other than a district with boundaries coterminous with the boundaries of a city of the first class, whose excess levy per pupil unit pursuant to Minnesota Statutes 1974, Section 275.125, Subdivision 3, Clause (5), was among the lowest 20 percent of these levies in such district, shall be allowed in 1975 to make an excess levy if the district has had a decrease in actual pupil units for the previous three years. This additional permitted excess levy per pupil unit shall equal the difference between the excess levy per pupil unit for the district and the average excess levy per pupil unit for the districts in Hennepin and Ramsey counties, other than districts with boundaries coterminous with the boundaries of a city of the first class, allowed pursuant to Minnesota Statutes 1974, Section 275.125, Subdivision 3, Clause (5), or 2.0 mills times the 1974 adjusted assessed valuation of the property in the district, whichever is less.

(2) In 1976 and each year thereafter, any district which in 1975 qualified for an additional levy under the provisions of clause (1)

and which continues to decline in enrollment may levy that same amount per pupil unit plus an amount equal to 2.0 mills times the 1975 adjusted assessed valuation of the taxable property in the district.

~~(3) In 1977 and each year thereafter, any district which in 1976 qualified for an additional levy under the provisions of clause (2) and which continues to decline in enrollment may levy the same amount per pupil unit reduced by two and one-half percent each year.~~

Sec. 86. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 8, is amended to read:

Subd. 8. (1) In 1975, and each year thereafter, a district with a population of more than 15,000 persons which has established a community school advisory council pursuant to section 121.88 may levy an amount of money raised by the greater of (A) \$1 per capita, or (B) the number of EARC mills not to exceed the number of EARC mills necessary in 1973 to raise \$1 per capita in 1973. In 1975, and each year thereafter, a district with a population of fewer than 15,000 persons which has established a community school advisory council pursuant to section 121.88, may levy an amount of money raised by the greater of (A) \$2 per capita, or (B) the number of EARC mills not to exceed the number of EARC mills necessary in 1975 to raise \$2 per capita in 1975. These levies shall be used for community services including summer school, nonvocational adult programs, recreation programs, and programs contemplated by sections 121.85 to 121.88.

(2) A district which provides 95 percent or more of the cost of the recreation program for the municipalities and townships in which the district or any part thereof is located *and which levied pursuant to this clause in 1975* may, with the approval of the commissioner, levy an additional amount, not to exceed one mill times the adjusted assessed valuation of the district for the preceding year, to be used for the costs of the recreation program ; *provided that no district may levy pursuant to this clause an amount greater than its actual cost for providing these programs in the previous September to September period. In 1977 and each year thereafter, only Independent School Districts No. 77 and No. 624 shall be authorized to levy pursuant to this clause. Any district which levied pursuant to this clause in 1975 shall report to the department of education prior to January 15, 1977, on how these funds were expended .*

(3) A school district shall be authorized to make a levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education, certifying that members of the school board have met with members of the governing bodies of the county, municipality or township in which the school district, or any part thereof, is located, in order to discuss methods of increasing mutual cooperation between such bodies.

(4) The population of the district for purposes of this subdivision is the population determined as provided in section

275.14 or as certified by the department of education from the most recent federal census.

Sec. 87. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 9, is amended to read:

Subd. 9. (1) Districts which receive payments which result in deductions from foundation aid pursuant to section 124.212, subdivision 8a, *clause (1)*, shall reduce the permissible levies authorized by subdivisions 3 to 14 by 25 percent in 1973, 50 percent in 1974, 75 percent in 1975, and 100 percent for each year thereafter of that portion of the previous year's payment not deducted from foundation aid on account of the payment, ~~unless such a levy reduction is otherwise required by law~~. The levy reductions shall be made in the proportions that each permissible levy bears to the sum of the permissible levies. *Reductions in levies pursuant to this clause, subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).*

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by section 275.125 to be spread *certified* in the calendar year in which the deduction from foundation aid is made pursuant to section 124.212, subdivision 8a, by the portion of the previous fiscal year's payment which was not deducted from foundation aid in that calendar year pursuant to section 124.212, subdivision 8a.

(3) *No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 275.125, subdivision 2a, clause 1 or 2, to an amount less than the amount raised by a levy of 10 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2a, clause (4) shall not be reduced pursuant to this subdivision. The amount of any levy authorized by section 275.125, subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.*

(4) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year after fiscal year 1975 pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124.212, subdivision 8a, *clause (2)*, and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the commissioner of finance in the following amounts

pursuant to this clause on the designated dates: on or before March 15, 1977, 20 percent of the amounts received in fiscal 1976 and not deducted from foundation aid in August 1976 and not applied to reduce 1976 payable 1977 levies; on or before March 15, 1978, 60 percent of the amounts received in fiscal 1977 and not deducted from foundation aid in August 1977 and not applied to reduce 1977 payable 1978 levies; on or before March 15, 1979 and March 15 of each year thereafter, 100 percent of the amounts received in the preceding fiscal year and not deducted from foundation aid in the preceding August and not applied to reduce levies certified in the preceding October. The commissioner of finance shall deposit any amounts received pursuant to this clause in the taconite property tax relief fund in the state treasury, established pursuant to section 16A.70 for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 88. Minnesota Statutes 1974, Section 275.125, is amended by adding a subdivision to read:

Subd. 9a. (1) In 1977 and each year thereafter in which so required by this subdivision, a district shall make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977 and certified and adjusted by the commissioner. This levy shall not be made in more than 20 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall in each year be an amount which is equal to the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year as determined by the equalization aid review committee; provided that in the last year in which the district is required to make this levy, it shall levy an amount not to exceed the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year as determined by the equalization aid review committee. When the cumulative proceeds of the levies made pursuant to this subdivision equal an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(2) The district shall establish a special account which shall be designated "reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the proceeds of the levy authorized pursuant to this subdivision. The proceeds of this levy, as reflected in this account, shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district which is required to levy pursuant to this subdivision shall certify the maximum levy allowable under section 275.125, subdivision 2a, clause (1) or (2) in that same year.

Sec. 89. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 14, is amended to read:

Subd. 14. Districts maintaining a post-secondary vocational-technical school may levy additional amounts as follows:

(1) A district maintaining a post-secondary vocational-technical

school shall assume responsibility for a local share of the district post-secondary vocational deficit. The local share shall be 30 percent, or 15 percent in Independent School District Nos. 595 and 793, of the district post-secondary vocational deficit as of July 1, 1975, as certified to the commissioner of education pursuant to section 124.561, subdivision 4.

(2) For the purpose of eliminating the local share of its post-secondary vocational deficit, a district may petition the commissioner of education for authority to make an additional levy. Before such a levy may be made, it must be approved by the commissioner. The approval shall specify the years in which the additional levy may be made and shall specify its dollar amount. No levy so approved shall be made in more than four successive years, beginning with the levy certified in 1975, and shall not annually exceed .25 mills in a district in a city of the first class, 1.5 mills in districts formed pursuant to Laws 1969, Chapter 1060, as amended; Laws 1969, Chapter 775, as amended; or Laws 1967, Chapter 822, as amended, or three mills in any other district maintaining a post-secondary vocational-technical school times the adjusted assessed valuation of the district for the preceding year as determined by the equalization aid review committee. Under no circumstances may a district levy a total amount greater than the local share of its post-secondary vocational deficit as of July 1, 1975, as certified to the commissioner of education.

(3) If the additional levy allowed in clause (2) of this subdivision would be insufficient to eliminate the local share of the district's post-secondary vocational deficit as of July 1, 1975, as certified to the commissioner of education, it may petition the commissioner of education for authority to issue general obligation bonds in an amount sufficient to meet the deficiency. Before the bonds may be issued, they must be authorized by the commissioner. The authorization shall specify a term not to exceed seven years and the amount of the bond issue, provided that the ~~levy authorization to pay the principal and interest on the bonds may not annually amount of principal and interest due in any year on the bonds will not, based on the 1974 adjusted assessed valuation of the district as determined by the equalization aid review committee, exceed .25 mills in a district in a city of the first class, .5 mills in districts formed pursuant to Laws 1969, Chapter 1060, as amended; Laws 1969, Chapter 775, as amended; or Laws 1967, Chapter 822, as amended or six mills in any other district maintaining a post-secondary vocational technical school times the 1974 adjusted assessed valuation of the district as determined by the equalization aid review committee; provided, however, that the mill limitation is subject to the provisions of section 475.74~~. The bonds authorized by this section shall be secured, sold and issued pursuant to the provisions of chapter 475, except as otherwise provided herein in this subdivision. The bonds shall not be included in computing any debt limitation for a the district and no election shall be required for their sale and issuance.,

(4) A district may not be authorized an additional levy under both clauses (2) and (3) of this subdivision.

(5) The state shall assume responsibility for 70 percent, or in Independent School District Nos. 595 and 793 for 85 percent, of a district's post-secondary vocational deficit as of July 1, 1975, as certified to the commissioner of education. The state portion of the deficit shall be paid to each district in fiscal years 1977 and 1978 in two equal payments, provided that the levy for the district's portion of the deficit has been approved by the commissioner and the required portion for the 1975 levy has been certified to the county auditor.

Sec. 90. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 15, is amended to read:

Subd. 15. Any district which in any year levies an amount which is greater than the amount allowed by subdivisions 2a to 14, shall lose an amount of state foundation aid equal to one-half of the excess in the levy, provided that . However, if any levy which is found to be excessive as a result of a decision of the tax court or a redetermination by the equalization aid review committee under section 124.212, subdivisions 11 to 18, shall not be compensated for in the next levy of the district the amount of the excess shall be deducted from the levy certified in the next year for the same purpose; provided that if no levy is certified in the next year for the same purpose or if the amount certified is less than the amount of the excess, the excess shall be deducted from that levy and the levy certified pursuant to subdivision 2a . The amount of aid lost shall be deducted from the aid which would otherwise have been received for the school year which commences in the calendar year during which the excessive levy is being collected. Any foundation aid so withheld shall be withheld in accordance with the procedures specified in section 124.15. A levy made in 1971 prior to the effective date of Extra Session Laws 1971, Chapter 31, Article 20 shall be reviewed, and may be modified, by the appropriate authority of the district for the purpose of reducing such levy to conform to the limitation imposed by Extra Session Laws 1971, Chapter 31, Article 20. Any reduction in such levy made prior to December 15, 1971 shall be given the same effect as though such reduction had been made prior to the expiration of the time allowed by law for making the levy.

Sec. 91. Minnesota Statutes, 1975 Supplement, Section 298.244, Subdivision 1, as amended by Laws 1976, Chapter 18, Section 4, is amended to read:

298.244 [DIVISION OF PROCEEDS OF SUPPLEMENTARY TAX ON TACONITE AND IRON SULPHIDES.] Subdivision 1. The proceeds of the tax collected under section 298.243 shall be distributed by the commissioner of revenue, to various taxing districts and to the general fund in the following manner:

(1) Ten cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton", on which the tax is imposed in section 298.243, shall be distributed to the county in which the

taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to clause (1a). The commissioner shall follow the apportionment formula prescribed in section 298.28, subdivision 1. The commissioner of revenue shall make all the necessary calculations and certify these calculations to the county auditor of each qualifying county. Payments provided herein shall be deducted in determining the county government's levy limitations under sections 275.50 to 275.56.

(1a) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per gross ton of the tax distributed to the counties pursuant to clause (1) and imposed on and collected from such taxpayer shall be distributed by the commissioner of revenue to the county in which the power plant is located.

(2) Twenty cents per taxable ton, less any amount distributed under clause (2a), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 or in which is located property which is entitled to the reduction of tax pursuant to section 273.135. The 20 cents, less any amount distributed under clause (2a), shall be distributed in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its permitted levy for the prior year, computed pursuant to section 275.125, comprises of the sum of permitted levies for the prior year for all qualifying districts, computed pursuant to section 275.125. That portion of the amount so distributed to a school district which is not deducted from state aids in section 124.212, subdivision 8a, shall be included in computing the permissible levies under section 275.125. *For purposes of distributions pursuant to this clause, permitted levies for the prior year computed pursuant to section 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2a, clause (4).*

(2a) In 1976 and each year thereafter, there shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32, in 1975.

(3) One cent per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation commission account in the special revenue fund and is hereby appropriated for the purposes of section 298.22. This money is to be used to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60 issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134.

(4) Eight cents per taxable ton shall be paid to the property tax relief account in the apportionment fund in the state treasury and shall be distributed as provided in sections 273.134 to 273.136.

Sec. 92. Minnesota Statutes 1974, Chapter 422A, is amended by adding a section to read:

[422A.081] [FINANCING OF RETIREMENT BENEFITS OF SCHOOL DISTRICT EMPLOYEES.] *Notwithstanding any law to the contrary, for taxes levied in 1976 and payable in 1977 and thereafter, levies for the cost of the financial requirements of the municipal employees' retirement fund under sections 422A.01 to 422A.25 for employees of the Minneapolis school district are disallowed except as provided in this section and the school district shall assume these costs. Beginning January 1, 1977, the school district shall pay to the retirement fund the amount of these costs for each year on the basis of an itemized statement of the employer's share of the financial requirements of the retirement board which are attributable to school district employees. The retirement board shall submit this statement to the school board prior to September 15, 1976 and September 15 of each year thereafter and the school district shall pay the retirement fund pursuant to this section at times designated by the retirement board. The school district may levy for its contribution pursuant to this section only to the extent allowed under section 84 of this act.*

Sec. 93. Notwithstanding the provisions of Minnesota Statutes, Sections 16.16 or 16A.57 or any other law to the contrary, the state board for vocational education may expend any part of the amount appropriated by Laws 1975, Chapter 432, Section 96, Clause (11), which is not needed for post-secondary vocational deficit payments, to pay post-secondary vocational foundation aid for the 1976-1977 school year.

Sec. 94. Notwithstanding the provisions of section 90 of this act, Special School District No. 1 may retain the amount of \$1,100,000 received in settlement of a proceeding before the tax court regarding the determination of the 1973 and 1974 adjusted assessed valuation of the property in the district by the equalization aid review committee. The amount retained pursuant to this section shall be deposited in the "reserve account for current financing of special education" established pursuant to section 52, subdivision 11, of this act.

Sec. 95. Subdivision 1. The department of education may pay school districts sufficient sums from the appropriations in Laws 1975, Chapter 432, Section 96, Clause (2) for the years ending June 30, 1976 and 1977, to insure that each district receives the same amount for depreciation on buses which are nine or more years of age as of July 1, 1975 as the district would have received for those buses had the depreciation computation remained at ten percent per year for 1976 and 1977 in section 124.222. The state shall not be obligated for any amount in excess of this appropriation in future years because of this change in computation method.

Subd. 2. The department of education may pay \$27,090.75 from the sum appropriated pursuant to Laws 1975, Chapter 432, Section 96, Clause (1) for the year ending June 30, 1976, to Independent School District No. 332 for foundation aid not paid in fiscal years 1972 and 1973.

Subd. 3. The department of education may pay \$5,501.58 from the sum appropriated pursuant to Laws 1975, Chapter 432, Section 96, Clause (1) for the year ending June 30, 1976, to Independent School District Numbers 200, 213, 276, and 492 for payment of

unpaid aid for shared time instructional programs determined to be due by the public examiner.

Subd. 4. Notwithstanding the provisions of Laws 1975, Chapter 433, Section 2, Subdivision 9, Paragraph 4, the council on quality education may transfer \$31,110 from the appropriation in Laws 1975, Chapter 433, Section 2, Subdivision 4, Clause (2), to the appropriation in Laws 1975, Chapter 433, Section 2, Subdivision 4, Clause (1).

Subd. 5. Notwithstanding the provisions of Laws 1975, Chapter 433, Section 2, Subdivision 9, any additional federal funds which become available to the state of Minnesota for vocational rehabilitation purposes after March 1, 1976, and April 1 of each fiscal year thereafter as a result of a reallocation of funds returned by other states or release of additional funds may be carried over and expended in the next fiscal year. The state of Minnesota shall have earned these funds in the year they are received with state expenditures in accordance with the federal-state formula in effect for that year.

Subd. 6. After it has completed a financial audit of Independent School District No. 761 for the appropriate years, the department of education may pay any foundation aid found to be due to Independent School District No. 761 for fiscal years 1973, 1974, and 1975 because of accounting errors made by that district in the 1970-71 school year. These payments shall be made from the sum appropriated pursuant to Laws 1975, Chapter 432, Section 96, Clause (1) for the year ending June 30, 1976.

Subd. 7. Notwithstanding the provisions of Laws 1975, Chapter 432, Section 96, Clause 13, no more than \$30,000 may be expended in the fiscal year ending June 30, 1977 for dissemination of information and administration of early childhood identification and education programs pursuant to sections 3.9271 to 3.9275, and for the employment of one unclassified person by the council beyond the existing complement of the department of education for those purposes. Of this \$30,000, no more than \$15,000 may be expended in the fiscal year ending June 30, 1977 for evaluation of these programs.

Sec. 96. There is appropriated from the general fund of the state treasury to the department of education the sum of \$90,000 for the fiscal year ending June 30, 1977. The department shall pay this sum to Independent School District No. 625 for its career study centers programs upon receipt of a resolution by the school board of that district that (1) it will establish and maintain an account separate from all other district accounts for the receipt and disbursement of all funds related to these career study center programs, (2) that the full foundation aid formula allowance per pupil unit attributable to each student enrolled in a career studies program, including that portion earned pursuant to Minnesota Statutes, Section 124.17, Subdivision 1, Clauses (4) and (5), will be deposited by the district in that account, and (3) that the moneys deposited in that account shall be used solely for the purposes of the career study centers programs. For the 1976-1977

school year, the foundation aid formula allowance per pupil unit shall be \$960 for Independent School District No. 625.

Sec. 97. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [EMERGENCY AID.] *For emergency aid there is appropriated:*

\$300,000 1977.

The appropriation in this subdivision shall be added to the sum appropriated in Laws 1975, Chapter 432, Section 96, Clause (1) for this purpose.

Subd. 3. [SPECIAL EDUCATION AID.] *For special education aid there is appropriated:*

\$1,000,000 1976,

\$2,925,600 1977.

(a) The appropriations in this subdivision shall be added to the sums appropriated for the years designated in Laws 1975, Chapter 432, Section 96, Clause (3).

(b) The appropriations in this subdivision and in Laws 1975, Chapter 432, Section 96, Clause (3), for the year ending June 30, 1977, include \$2,300,000 for the payment of special education aid for 1976 summer school programs and if the appropriation for this purpose is insufficient, the aid shall be prorated among all qualifying districts. This payment shall be made on the basis and at the rate prescribed for 1975 summer school programs in Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 1 and Minnesota Statutes 1974, Section 124.32, Subdivision 2. This payment shall be made on or before October 1, 1976. This payment shall be made notwithstanding the provisions of Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 3a.

(c) The appropriations in this subdivision and in Laws 1975, Chapter 432, Section 96, Clause (3), for the year ending June 30, 1977, include \$200,000 for reimbursement of the actual costs incurred by school districts for instruction and services for handicapped children whose districts of residence are determined pursuant to Minnesota Statutes, Section 120.17, Subdivision 8a, and who are temporarily placed in state institutions or licensed residential facilities for care and treatment for the 1975-1976 school year and 1976 summer school. If the appropriation for this purpose is insufficient, the aid shall be prorated among all qualifying districts. This reimbursement shall be made on the same basis and at the same rate as for the 1974-1975 school year and 1975 summer school pursuant to Minnesota Statutes 1974, Section 124.32, Subdivision 6. This reimbursement shall be made notwithstanding the provisions of Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 3a.

(d) The appropriations in this subdivision and in Laws 1975,

Chapter 432, Section 96, Clause (3), for the year ending June 30, 1977, include \$2,500,000 for the payment of aid according to the provisions of Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 5, for educational programs during the 1975-1976 school year and 1976 summer school. This payment shall be made notwithstanding the annual expenditure limit of \$400,000 specified in Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 5, and notwithstanding the provisions of Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 3a.

Subd. 4. [ADULT EDUCATION.] For adult education aid there is appropriated:

\$117,9251976,

\$178,5001977.

The appropriation in this subdivision shall be added to the sums appropriated for the years designated in Laws 1975, Chapter 432, Section 96, Clause (13), and shall be used solely as aid for programs conducted pursuant to Minnesota Statutes, Section 124.26. If the appropriations in this subdivision, when added to the appropriations made pursuant to Laws 1975, Chapter 432, Section 96, Clause (13) are insufficient in either year, the aid shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of these appropriations for this purpose.

Subd. 5. [SOUTHEAST ASIAN CHILDREN.] For educational services to Southeast Asian children, there is appropriated:

\$50,0001977.

The appropriation in this subdivision shall be used solely for the purpose of section 9 of this act. If the appropriation in this subdivision is insufficient for this purpose, the aids shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of this appropriation for this purpose.

Subd. 6. [TRANSFER OF SCHOOL FOR DEAF AND BRAILLE AND SIGHT-SAVING SCHOOL.] For the transfer of the Minnesota school for the deaf and the Minnesota braille and sight-saving school, there is appropriated:

\$30,0001977.

The appropriation in this subdivision is for the purpose of planning the transfer of the Minnesota school for the deaf and the Minnesota braille and sight-saving school from under the jurisdiction of the commissioner of welfare to the state board of education. Not to exceed \$20,000 of the appropriation in this subdivision shall be used to hire additional personnel beyond the existing complement of the department of education for this purpose.

Subd. 7. [U.F.A.R.S. IMPLEMENTATION.] For implementation of the uniform financial accounting and reporting system for Minnesota school districts, there is appropriated:

\$250,0001976.

The appropriation in this subdivision shall be used for dissemin-

ation of materials, inservice training of public school personnel, and for additional departmental personnel necessary to implement this system; provided that this appropriation shall not be used to hire more than one professional and one clerical employee beyond the existing complement of the department of education for this purpose. Any unexpended balance remaining from the appropriation in this subdivision shall not cancel but shall be available for the second year of the biennium.

Subd. 8. [GROSS EARNINGS.] For gross earnings aid pursuant to Minnesota Statutes, Section 124.28, there is appropriated:

\$191,4421977.

(a) The appropriation in this subdivision shall be added to the sum appropriated for the year ending June 30, 1977 in Laws 1975, Chapter 432, Section 96, Clause (20).

(b) The appropriation in this subdivision, when added to the sum appropriated for the year ending June 30, 1977 in Laws 1975, Chapter 432, Section 96, Clause (20), includes \$291,442 which shall be expended to pay \$237,884 to Independent School District No. 181, \$43,980 to Independent School District No. 703, and \$9,578 to Independent School District No. 381, for gross earnings aid not paid in fiscal years 1974 and 1975. These payments pursuant to this clause shall not be prorated pursuant to Minnesota Statutes, Section 124.28, Subdivision 2, among all districts entitled to gross earnings aid, but these payments shall be deemed fiscal year 1977 payments to the designated districts pursuant to Minnesota Statutes, Section 124.28 for other purposes, including deductions from all foundation aid pursuant to Minnesota Statutes, Section 124.212 and reductions of levies pursuant to Minnesota Statutes, Section 275.125.

Subd. 9. [SPECIAL EDUCATION PROGRAM AND BUDGET REVIEW.] For special education program and budget review and approval there is appropriated:

\$150,0001976.

The appropriation in this subdivision shall be used for the employment of four additional professional employees and two additional clerical employees beyond the existing complement of the department of education, and for other necessary and related expenses incurred in connection with the review and approval of special education programs and budgets. Any unexpended balance remaining from the appropriation in this subdivision shall not cancel but shall be available for the second year of the biennium.

Subd. 10. [BOARD OF TEACHER STANDARDS AND CERTIFICATION.] For the board of teacher standards and certification and for any successor board or agency, there is appropriated:

\$30,0001977.

The appropriation in this subdivision shall be used for the purposes of Minnesota Statutes, Section 125.184, Subdivision 2.

Subd. 11. [CURRICULUM PLANNING, EVALUATION AND

REPORTING.] *For the purposes of sections 1 to 5 of this act, there is appropriated:*

\$200,0001976.

The appropriation in this subdivision includes \$60,000 which shall be expended for the purpose of making grants to demonstration projects pursuant to section 5 of this act. Any unexpended balance remaining from the appropriation in this subdivision shall not cancel but shall be available for the second year of the biennium.

Subd. 12. [ADVISORY TASK FORCE ON NONPUBLIC SCHOOLS.] *To fund the advisory task force on nonpublic schools, there is appropriated:*

\$25,0001976.

The appropriation in this subdivision shall be used solely for the purposes of section 8 of this act. Any unexpended balance remaining from the appropriation in this subdivision shall not cancel but shall be available for the second year of the biennium.

Subd. 13. [TEEN CORPS.] *For the Teen Corps of America-Minnesota Teen Corps, there is appropriated:*

\$10,0001976.

The department shall pay this sum to Teen Corps of America-Minnesota Teen Corps for the purpose of taking referrals of youth under age 20 from school districts or juvenile courts. The money shall be paid on the first day of each month at the rate of \$25 per day per youth provided with room, board, and education during the preceding month. Any unexpended balance remaining from the appropriation in this subdivision shall not cancel but shall be available for the second year of the biennium.

Sec. 98. [REPEALER.] *Subdivision 1. Minnesota Statutes 1974, Sections 122.54; 125.185, Subdivision 8; 275.127; 275.39; 275.41; 275.42; and Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 11, are repealed.*

Subd. 2. *Minnesota Statutes 1974, Sections 248.01; 248.02; 248.05; 248.06; and 248.09 are repealed. This subdivision shall be effective July 1, 1977.*

Subd. 3. *Minnesota Statutes 1974, Sections 124.28, as amended by Laws 1975, Chapter 432, Section 44; 124.281; and 124.29 are repealed. This subdivision shall be effective July 1, 1979.*

Sec. 99. [EFFECTIVE DATES.] *Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 19, 20, 24, 35, 36, 37, 38, 42, 43, 44, 46, 48, 50, 53, 54, 55, 63, 64, 78, 88, 89, 90, 94, 95 and 97 shall be effective the day following final enactment. Section 52, subdivisions 7 and 11, shall be effective the day following final enactment. Sections 15, 16, 49, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76 and 77 shall be effective July 1, 1977. Section 13 shall be effective August 15, 1977.*

Further, strike the title in its entirety and insert the following:

"A bill for an act relating to the operation of government; providing for aids to education, tax levies, and the distribution of tax revenues; changing the funding of special education, adult vocational education, and secondary vocational education to a current funding basis; granting certain powers and duties to school districts, the commissioner of education, the state board of education, and the state board for vocational education; providing for the adoption of the uniform financial accounting and reporting system for Minnesota school districts; transferring the Minnesota school for the deaf and the Minnesota braille and sight-saving school from the jurisdiction of the commissioner of welfare to the state board of education; authorizing and prohibiting certain fees; establishing a uniform definition of school age for all handicapped children; appropriating money; amending Minnesota Statutes 1974, Sections 120.17, Subdivisions 2 and 5, and by adding subdivisions; 120.73, Subdivision 1; 120.74, Subdivision 1; 121.21 by adding a subdivision; 122.45, Subdivisions 2 and 3a; 123.37, Subdivisions 1 and 1b; 124.212 by adding a subdivision; 124.222 by adding a subdivision; 124.32 as amended; 125.185, Subdivision 4; 246.01; 248.07, Subdivision 3; and 275.125 by adding subdivisions; Chapter 124 by adding sections; and Chapter 422A by adding a section; and Minnesota Statutes, 1975 Supplement, Sections 120.17, Subdivision 1; 121.11, Subdivision 5; 121.165; 122.23, Subdivision 15; 122.45, Subdivision 1; 124.04; 124.17, Subdivisions 1 and 2; 124.212, Subdivisions 8a and 11a; 124.223; 124.26 by adding a subdivision; 124.271, Subdivision 2; 124.43, Subdivision 1; 124.561, Subdivision 3 and by adding a subdivision; 124.562, Subdivision 2; 124.563, Subdivision 3; 124.564; 124.565, Subdivision 2; 124.611, Subdivisions 1 and 2; 268.08, Subdivision 5; 273.138; Subdivision 3; 275.125, Subdivisions 2a, 4, 5, 6, 7, 8, 9, 14 and 15, and by adding subdivisions; and 298.244, Subdivision 1, as amended; repealing Minnesota Statutes 1974, Sections 122.54; 124.28, as amended; 124.281; 124.29; 125.185, Subdivision 8; 248.01; 248.02; 248.05; 248.06; 248.09; 275.127; 275.39; 275.41; and 275.42; and Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 11."

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

House Conferees: (Signed) Joseph P. Graba, Carl M. Johnson, Salisbury Adams, Bruce F. Vento, Tom K. Berg.

Senate Conferees: (Signed) Jerald C. Anderson, Jerome M. Hughes, Joseph T. O'Neill, Douglas H. Sillers, B. Robert Lewis.

Mr. Anderson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1997 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1997: A bill for an act relating to the operation of government; providing for aids to education, tax levies, and the distribution of tax revenues; changing the funding of special education, adult vocational education, and secondary vocational education to a current funding basis; granting certain powers and duties to school districts, the commissioner of education, the state board of education, and the state board

for vocational education; providing for the adoption of the uniform financial accounting and reporting system for Minnesota school districts; transferring the Minnesota school for the deaf and the Minnesota braille and sight-saving school from the jurisdiction of the commissioner of welfare to the state board of education; authorizing and prohibiting certain fees; establishing a uniform definition of school age for all handicapped children; appropriating money; amending Minnesota Statutes 1974, Sections 120.17, Subdivisions 2 and 5, and by adding subdivisions; 120.73, Subdivision 1; 120.74, Subdivision 1; 121.21 by adding a subdivision; 122.45, Subdivisions 2 and 3a; 123.37, Subdivisions 1 and 1b; 124.212 by adding a subdivision; 124.222 by adding a subdivision; 124.32 as amended; 125.185, Subdivision 4; 246.01; 248.07, Subdivision 3; and 275.125 by adding subdivisions; Chapter 124 by adding sections; and Chapter 422A by adding a section; and Minnesota Statutes, 1975 Supplement, Sections 120.17, Subdivision 1; 121.11, Subdivision 5; 121.165; 122.23, Subdivision 15; 122.45, Subdivision 1; 124.04; 124.17, Subdivisions 1 and 2; 124.212, Subdivisions 8a and 11a; 124.223; 124.26 by adding a subdivision; 124.271, Subdivision 2; 124.43, Subdivision 1; 124.561, Subdivision 3 and by adding a subdivision; 124.562, Subdivision 2; 124.563, Subdivision 3; 124.564; 124.565, Subdivision 2; 124.611, Subdivisions 1 and 2; 268.08, Subdivision 5; 273.138; Subdivision 3; 275.125, Subdivisions 2a, 4, 5, 6, 7, 8, 9, 14 and 15, and by adding subdivisions; and 298.244, Subdivision 1, as amended; repealing Minnesota Statutes 1974, Sections 122.54; 124.28, as amended; 124.281; 124.29; 125.185, Subdivision 8; 248.01; 248.02; 248.05; 248.06; 248.09; 275.127; 275.39; 275.41; and 275.42; and Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 11.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 61 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Davies voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H. F. No. 2281.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 1, 1976

FIRST READING OF HOUSE BILLS

The following bill was read the first time and referred to the committee indicated.

H. F. No. 2281: A bill for an act relating to cultural and recreational activities; prescribing powers and duties of the state board of arts; establishing a local arts development program and a program of general operating support for major arts institutions; requiring a certificate of need for construction of certain new public regional sports and auditorium facilities; creating an arbitration panel and prescribing its powers and duties; creating the metropolitan sports facilities commission and prescribing its powers and duties; requiring the television broadcast within the metropolitan area of certain games; authorizing the metropolitan council to issue bonds and levy taxes; providing for the construction and operation of a sports facility; authorizing a tax on certain sales of intoxicating liquor and fermented malt beverages in the metropolitan area; providing for admissions tax at certain facilities; requiring the completion of an environmental impact statement prior to construction of a sports facility; providing for a tax levy; appropriating money; amending Minnesota Statutes 1974, Chapters 139 and 473, by adding sections; Minnesota Statutes, 1975 Supplement, Sections 139.08, Subdivision 5; 139.10, Subdivisions 1 and 2 and by adding a subdivision; repealing Minnesota Statutes 1974, Section 340.11, Subdivision 11a.

Referred to the Committee on Rules and Administration.

MEMBERS EXCUSED

Pursuant to Rule 21, Mr. Tennesen moved that the following members be excused for a Conference Committee on S. F. No. 2208:

Messrs. Doty, Sillers and Tennesen. The motion prevailed.

S. F. No. 1499 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1499

A bill for an act relating to the conduct of public officials and campaigns for public office; defining "lobbying"; redefining "lobbyist" and certain other terms; providing for the filing of certain reports and statements; providing penalties; amending Minnesota Statutes 1974, Sections 10A.01, Subdivisions 2, 5, 7, 10 and 11, and by adding a subdivision; 10A.02, Subdivisions 1, 5, 8 and 11; 10A.04, Subdivision 4; 10A.07,

Subdivision 1; 10A.09, Subdivision 5; 10A.11, Subdivision 6; 10A.14, Subdivision 2; 10A.19, Subdivision 1; 10A.20, Subdivisions 1, 2, and 3, and by adding a subdivision; 10A.21, Subdivision 1; 10A.22, Subdivision 5; 10A.23; 10A.25, Subdivisions 3, 6 and 7; 10A.27, Subdivision 3; repealing Minnesota Statutes 1974, Sections 10A.01, Subdivision 14; 10A.14, Subdivision 3; 10A.20, Subdivision 4; 10A.22, Subdivisions 2 and 8.

March 29, 1976

The Honorable Alec G. Olson
President of the Senate

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

We, the undersigned conferees for S. F. No. 1499 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. 1499 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1974, Section 10A.01, Subdivision 2, is amended to read:

Subd. 2. "Administrative action" means an action ~~of a non-ministerial nature~~ by any official, board, commission or agency of the executive branch *to make rules. "Administrative action" does not include the application or administration of those rules, except in cases of rate setting, power plant siting and others specified by the commission.*

Sec. 2. 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, other than a federal office for which candidates are required to report under federal laws. The term candidate shall also include *an individual who seeks nomination for election or election to supreme court and district court judgeships 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. 3. Minnesota Statutes 1974, Section 10A.01, Subdivision 11, is amended to read:

Subd. 11. "Lobbyist" means any *individual* :

(a) ~~Individual who is~~ Engaged for pay or other consideration, or is authorized by another ~~person~~ *individual or association to*

spend money, who spends more than five hours in any month or more than \$250, not including travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Officially designated representatives of any person or association which has as a major purpose the influencing of legislative or administrative action who attempt to influence an action by communicating with public officials; or

(c) Individual Who spends more than \$250, not including traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

"Lobbyist" does not include any :

(a) A Public official or employee of the state or any of its political subdivisions or public bodies acting in his official capacity ;

(b) Parties and their representatives Party or his representative appearing in a proceeding before a state board, commission or agency of the executive branch unless the board, commission or agency is acting in a non ministerial capacity taking administrative action ;

(c) Individuals Individual in the course of selling goods or services to be paid for by public funds ; or

(d) News media or their employees or agents, but only while acting in the ordinary course of business of publishing or broadcasting news items, editorials or other comments or paid advertisements which directly or indirectly urge official action ;

(e) Paid expert witnesses witness whose testimony is requested either by the body before which they are he is appearing or one of the parties to a proceeding, but only while acting in the ordinary course to the extent of preparing or delivering testimony ; or

(f) Stockholder of a family farm corporation as defined in section 500.24, subdivision 1, who does not spend over \$250, excluding travel expenses, in any year in communicating with public officials .

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

Subd. 19. "Office holder" means an individual who holds any statewide or legislative office, except a federal office for which candidates are required to report under federal laws, state supreme court justice or district court judge.

Sec. 5. Minnesota Statutes 1974, Section 10A.02, Subdivision 1, is amended to read:

10A.02 [STATE ETHICS COMMISSION.] Subdivision 1. There is hereby created a state ethics commission composed of six

members. The members shall be appointed by the governor with the advice and consent of three-fifths of both the senate and the house of representatives acting separately. Failure by either house to confirm the appointment of a commission member within 45 legislative days after his appointment shall be deemed to be a refusal to advise and consent and his appointment shall terminate immediately after 45 legislative days or non-confirmation, whichever is earlier. One member shall be a former state legislator from a *major* political party different from that of the governor; one member shall be a former state legislator from the same political party as the governor; two members shall be persons who have not been public officials, held office in a political party other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years prior to the time of their appointment; and the other two members shall not support the same political party. No more than three of the members of the commission shall support the same political party.

Sec. 6. Minnesota Statutes 1974, Section 10A.02, Subdivision 5, is amended to read:

Subd. 5. The commission shall appoint an executive director who shall be in the unclassified service. The commission may also employ and prescribe the duties of other permanent or temporary employees in the unclassified service as may be necessary to administer sections 10A.01 to 10A.34, subject to appropriation. The executive director and all other employees shall serve at the pleasure of the commission. ~~All administrative services such as supplies, office space and furnishings, payroll preparation and accounting services shall be provided to the commission by the secretary of state.~~ Expenses of the commission shall be approved by the chairman or such other member as the rules of the commission may provide and the expenses shall then be paid in the same manner as other state expenses are paid.

Sec. 7. 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.

Sec. 8. Minnesota Statutes 1974, Section 10A.02, Subdivision 11, is amended to read:

Subd. 11. Any hearing or action of the commission concerning any complaint or investigation shall be confidential and all information obtained by the commission shall be privileged until the commission makes a finding that the commission 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, violating the confidentiality provisions of this subdivision shall be guilty of a gross misdemeanor. *The commission shall make a finding within 30 days of receipt of a written complaint unless a majority of the commission agrees to extend the time limit.* After determination of its findings the commission shall report any finding of probable cause to the appropriate law enforcement authorities.

Sec. 9. Minnesota Statutes 1974, Section 10A.04, Subdivision 4, is amended to read:

Subd. 4. The report shall include ~~all such~~ information ~~required on as the commission may require from~~ the registration form and the following information for the reporting period:

(a) The lobbyist's total disbursements on lobbying and a breakdown of those disbursements into categories specified by the commission, including but not limited to the cost of publication and distribution of each publication used in lobbying; other printing; media, including the cost of production; postage; travel; fees, including allowances; entertainment; telephone and telegraph; and other expenses;

(b) *The amount and nature of each honorarium, gift ~~or~~, loan, item or benefit, excluding contributions to a candidate, equal in value to \$20 or more, given or paid to any public official by the lobbyist or any employer or any employee of the lobbyist. The list shall include the name and address of each public official to whom the honorarium, gift, loan, item or benefit was given or paid and the date it was given or paid; and*

(c) Each original source of funds in excess of \$500 in any year used for the purpose of lobbying. The list shall include the name, address and employer, or, if self employed, the occupation and principal place of business, of each payer of funds in excess of \$500.

Sec. 10. Minnesota Statutes 1974, Section 10A.04, is amended by adding a subdivision to read:

Subd. 4a. If in any reporting period the lobbyists' reportable disbursements total not over \$100 and no honorarium, gift, loan, item or benefit equal in value to \$20 or more was given or paid to any public official, a statement to that effect in lieu of the report may be filed for that period. The unreported disbursements shall be included in the report for the following period, unless the total for that period, including the carryover, is not over \$100. The October 15 report shall include all previously unreported disbursements, even though the total for the year is not over \$100.

Sec. 11. Minnesota Statutes 1974, Section 10A.09, Subdivision 5, is amended to read:

Subd. 5. A statement of economic interest required by this section shall be on a form prescribed by the commission. The individual filing shall provide the following information:

- (a) His name, address, occupation and principal place of business;
- (b) The name of each business with which he is associated and the nature of that association; and
- (c) A listing of all real property within the state, excluding homestead property, in which he has a fee simple interest, a contract for deed or an option to buy, whether direct or indirect, and which interest is valued in excess of \$2,500. The filing shall indicate *the street address and the municipality ; if any or the section, township, range and approximate acreage, whichever applies*, and the county wherein the property is located.

Sec. 12. Minnesota Statutes 1974, Section 10A.14, subdivision 2, is amended to read:

Subd. 2. The statement of organization shall include:

- (a) The name and address of the political committee or political fund;
- (b) The names and addresses of the supporting associations of a political fund;
- ~~(c) The geographic area in which it will operate and the purpose of the political committee or political fund;~~
- ~~(d) The name, address and position of the custodian of books and accounts;~~
- ~~(e) (c) The name and address of the chairman, the treasurer, and any other principal officers including deputy treasurers ; if any ;~~
- ~~(f) The name, address, office sought, and party affiliation, if any, of each candidate whom the committee or political fund is supporting, or, if the committee or political fund is supporting the entire ticket of any party, the name of the party;~~
- ~~(g) A statement as to whether the committee or political fund is a continuing one;~~

~~(h)~~ (d) A listing of all depositories or safety deposit boxes used; and

~~(i)~~ (e) A statement as to whether the committee is a principal campaign committee.

Sec. 13. Minnesota Statutes 1974, Section 10A.19, Subdivision 1, is amended to read:

10A.19 [PRINCIPAL CAMPAIGN COMMITTEE.] Subdivision 1. Every candidate shall designate and cause to be formed a single principal campaign committee *which shall be responsible for reporting contributions and authorized expenditures on behalf of the candidates*.

Sec. 14. Minnesota Statutes 1974, Section 10A.20, Subdivision 1, is amended to read:

10A.20 [CAMPAIGN REPORTS.] Subdivision 1. ~~Every~~ *The* treasurer of a ~~every~~ political committee ~~or~~ *and* political fund shall *begin to* file the reports required by this section in ~~any~~ *the* first year it receives contributions or makes expenditures in excess of \$100 ~~and shall continue to file until the committee or fund is terminated~~.

Sec. 15. Minnesota Statutes 1974. Section 10A.20, Subdivision 2, is amended to read:

Subd. 2. The reports shall be filed with the commission ~~by the following dates:~~

~~(a)~~ In years in which any candidate being supported does not stand for election:

~~(1)~~ January 7; and

~~(2)~~ July 7;

~~(b)~~ In years in which any candidate being supported does stand for election:

~~(1)~~ January 7;

~~(2)~~ July 7;

~~(3)~~ Five on or before January 31 of each year, and in each year in which the name of the candidate being supported is on the ballot, ten days before any the primary election in which the candidate stands for election;

~~(4)~~ Five days before any or special primary and general or special election in which the candidate stands for election; and

~~(5)~~ 30 days after the last election in which a candidate stands for election;

~~(c)~~ In special or special primary elections in which a candidate stands for election:

~~(1)~~ 30 days before the election; and

~~(2)~~ Five days before the election.

If a scheduled filing date falls on a Saturday, Sunday or legal holiday, the filing date shall be the next regular business day.

Sec. 16. 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 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 from 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) (d) 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 name and mailing address, occupations occupation and the principal places place of business, if any, of the lender or endorser, if any, any endorser and the date and amount of the loans loan ;~~

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

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

~~(h) (g) The name , and 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) (h) The sum of individual expenditures which is not otherwise reported under clause (h) (g) ;~~

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

~~(m)~~ (j) The amount and nature of debts and obligations any debt or obligation owed by or to the political committee or political fund, continuously reported until extinguished, 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 written contract, promise or agreement, in writing, whether or not legally enforceable, to make a contribution or expenditure; and

~~(o)~~ (k) For principal campaign committees only: 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. 17. Minnesota Statutes 1974, Section 10A.20, is amended by adding a subdivision to read:

Subd. 3a. The reports of a principal campaign committee of a legislative candidate required by this section shall list in a prominent place on the first page of every report each county in which the legislative district lies.

Sec. 18. Minnesota Statutes 1974, Section 10A.20, is amended by adding a subdivision to read:

Subd. 12. The commission shall notify any person who fails to file a statement required by this section. A person who knowingly fails to file the statement within seven days after receiving notice from the commission is guilty of a misdemeanor.

Sec. 19. Minnesota Statutes 1974, Section 10A.21, Subdivision 1, is amended to read:

10A.21 [REPORTS TO COUNTY AUDITOR.] Subdivision 1. All reports or statements that must be filed with the commission by the principal campaign committee of legislative candidates shall also be duplicated and filed by the commission with the county auditor of each county in which the legislative district lies within 72 hours of the date the report or statement is required to be filed or, if the report or statement is delinquent, within 72 hours of the time the report is actually filed.

Sec. 20. Minnesota Statutes 1974, Section 10A.23, is amended to read:

10A.23 [CHANGES AND CORRECTIONS.] Any material changes in information previously submitted and any corrections

to a report or statement shall be reported in writing to the commission within ten days following the date of the event prompting the change or the date upon which the person filing became aware of the inaccuracy. The change or correction shall identify the form and the paragraph containing the information to be changed or corrected. Any person who wilfully fails to report a material change or correction is guilty of a gross misdemeanor.

Sec. 21. Minnesota Statutes 1974, Section 10A.25, Subdivision 3, is amended to read:

Subd. 3. Notwithstanding subdivision 2, clause (a), a candidate for the endorsement for the office of lieutenant governor at the convention of a political party may spend \$30,000 or five percent of the amount in subdivision 2, clause (a) ; ~~prior to the time of to seek~~ endorsement. This ~~money~~ amount shall be in addition to the ~~money~~ amount which may be expended pursuant to subdivision 2, clause (a).

Sec. 22. Minnesota Statutes 1974, Section 10A.25, Subdivision 6, is amended to read:

Subd. 6. In a year in which ~~a candidate does not stand for election~~ ~~an election does not occur for an office held or sought~~, no expenditures shall be made and no obligations to make expenditures shall be incurred by a candidate or officeholder or by a political committee, political fund or individual which makes expenditures with the authorization, express or implied, and under the control, direct or indirect, of the candidate or officeholder or his agents which shall result in the aggregate expenditure on behalf of the candidate or officeholder in that year of an amount in excess of 20 percent of the amount of the aggregate expenditure permitted by subdivision 2. Expenditures permitted by this subdivision shall be in addition to expenditures permitted by subdivision 2.

Sec. 23. Minnesota Statutes 1974, Section 10A.25, Subdivision 7, is amended to read:

Subd. 7. On or before January 15 of each year, the ~~commissioner of health~~ ~~state demographer~~ shall certify to the commission the *estimated* population of the state of Minnesota for the last ~~calendar~~ year ending before the date of certification. In determining the per capita amounts for each office in *section 10A.25*, subdivision 2, the commission shall use:

(a) In the case of the elections for governor and lieutenant governor, attorney general, secretary of state, state treasurer and state auditor, the total *estimated* population of the state;

(b) In the case of the elections for state senator, 1/67 of the total *estimated* population of the state;

(c) In the case of elections for state representative, 1/134 of the total *estimated* population of the state.

Sec. 24. Minnesota Statutes 1974, Section 10A.27, Subdivision 3, is amended to read:

Subd. 3. Expenditures by a *the state or local committee of any* political party on behalf of candidates of that party generally, without referring to any of them specifically in any advertisement published ~~or~~, posted, ~~on any or broadcast, or in any official party sample ballot or telephone conversation, if that conversation mentions listing three or more candidates persons whose names are to appear on the ballot~~, shall not be allocated to any candidate or subject to the limitations of section 10A.25, subdivision 2.

Sec. 25. Minnesota Statutes 1974, Section 10A.30, Subdivision 2, is amended to read:

Subd. 2. Within the state elections campaign fund account there shall be maintained ~~separate accounts a separate account~~ for the candidates of each political party and a general account.

Sec. 26. Minnesota Statutes 1974, Section 10A.31, Subdivision 3, is amended to read:

Subd. 3. The commissioner of the department of revenue shall on the first page of the income tax form notify the taxpayer of his right to allocate \$1 of his taxes (\$2 if filing a joint return) to finance the election campaigns of state candidates. The form shall also contain language prepared by the commissioner which permits the taxpayer to direct the state to allocate the \$1 (or \$2 if filing a joint return) to ~~one of the following~~: (i) ~~one of the major political parties~~; (ii) ~~the name of any minor political party provided that if a petition is filed to qualify as a minor political party it be filed by June 1 of that taxable year; and which qualifies under the provisions of subdivision 3a of this section~~; or (iii) ~~distribution to all qualifying candidates as provided by subdivision 7 of this section.~~

Sec. 27. Minnesota Statutes 1974, Section 10A.31, is amended by adding a subdivision to read:

Subd. 3a. A minor political party qualifies for inclusion on the income tax form as provided in subdivision 3 if a candidate of that party filed for an office in the preceding general election, or if a petition on behalf of that party is filed as provided in section 10A.01, subdivision 13, by June 1 of the taxable year.

Sec. 28. Minnesota Statutes 1974, Section 10A.31, Subdivision 5, is amended to read:

Subd. 5. (a) In each fiscal year, 40 percent of the moneys in each account shall be set aside for candidates for statewide office.

(b) Of the amount set aside in clause (a), 40 percent shall be distributed to the candidates for governor and lieutenant governor jointly; 24 percent shall be distributed to the candidate for attorney general; and 12 percent each shall be distributed to the candidates for secretary of state, state treasurer and state auditor. If there is no nominee of that party for one of the offices, the share set aside for that office shall be distributed to the other statewide candidates of that party in the same proportions as the original amount.

(c) Within two weeks of the certification by the state canvassing board of the results of the primary election, the state treasurer shall distribute available funds in each account, other than the general account, of the state elections fund to the appropriate candidates who are to appear on the ballot for the general election as prescribed in clauses (a) and (b).

(d) Within two weeks of the certification by the state canvassing board of the results of the general election, the state treasurer shall distribute the available funds in the general account in the same proportions as provided in clause (b), in an equal amount to each candidate who received at least five percent of the vote cast in the general election for the office for which he was a candidate. In each calendar year the moneys in each party account and the general account shall be allocated to candidates as follows:

(a) 16 percent for the offices of governor and lieutenant governor jointly;

(b) 9.6 percent for the office of attorney general;

(c) 4.8 percent each for the offices of secretary of state, state auditor and state treasurer,

(d) in each calendar year during the period in which state senators serve a four year term, 20 percent for the office of state senator and 40 percent for the office of state representative;

(e) in each calendar year during the period in which state senators serve a two year term, and in 1975 and 1976, 30 percent each for the offices of state senator and state representative;

(f) all candidates of one party for the state senate and state house of representatives whose names are to appear on the ballot in the general election shall share equally in the funds allocated to their respective offices from their party account.

Moneys from any party account refused by any candidate shall be distributed to all other candidates of that party in proportion to their shares as provided in this subdivision. Moneys from the general account refused by any candidate shall be distributed to all other qualifying candidates in proportion to their shares as provided in this subdivision.

Beginning with calendar year 1977 and applying to taxable year 1976, the allocations from the state elections campaign fund shall be: 21 percent for the offices of governor and lieutenant governor filing jointly; 3.6 percent for the office of attorney general; 1.8 percent each for the offices of secretary of state, state auditor, and state treasurer; in each calendar year during the period in which state senators serve a four year term, $23\frac{1}{3}$ percent for the office of state senator and $46\frac{2}{3}$ percent for the office of state representative; and in each calendar year during the period in which state senators serve a two year term, 35 percent each for the offices of state senator and state representative.

Sec. 29. Minnesota Statutes 1974, Section 10A.31, Subdivision 6, is amended to read:

Subd. 6. (a) In each of the fiscal years during the period in which the state senate serves a four year term which commences after April 13, 1974, 20 percent of the moneys in each account shall be set aside for candidates for state senate. In each of the fiscal years during the period in which the state senate serves a two year term, and in 1975 and 1976, 30 percent of the moneys in each account shall be set aside for candidates for state senate.

(b) The amount set aside in clause (a) shall be distributed in equal shares to each of the candidates for state senate of that party.

(c) Within two weeks of the after certification by the state canvassing board of the results of the primary election, the state treasurer shall distribute the available funds in each party account, other than the general account to the appropriate candidates who as certified by the commissioner of revenue on September 15, to the candidates of that party who have signed the agreement as provided in section 10A.32, subdivision 3, and whose names are to appear on the ballot for in the general election as prescribed in clauses (a) and (b), according to the allocations set forth in subdivision 5. If there is no candidate of a party for any one office designated in subdivision 5 in any year in which that office appears on the ballot, the allocation for that office shall be distributed to all other candidates of that party in proportion to their shares as set forth in subdivision 5.

(d) Within two weeks of the certification by the state canvassing board of the results of the general election, the state treasurer shall distribute the available funds in the general account in an equal amount to each candidate who received at least ten percent of the votes cast in the general election for the office for which he was a candidate.

Sec. 30. Minnesota Statutes 1974, Section 10A.31, Subdivision 7, is amended to read:

Subd. 7. (a) In each of the fiscal years during the period in which the state senate serves a four year term which commences after April 13, 1974, 40 percent of the moneys in each account shall be set aside for candidates for state representatives. In each of the fiscal years during the period in which the state senate serves a two year term, and in 1975 and 1976, 30 percent of the moneys in each account shall be set aside for candidates for state representatives.

(b) The amount set aside in clause (a) shall be distributed in equal shares to each of the candidates for state representative of that party.

(c) Within two weeks of the certification by the state canvassing board of the results of the primary election, the state treasurer shall distribute available funds in each account, other than the general account, to the appropriate candidates who are to appear on the ballot for the general election as prescribed in clauses (a) and (b).

(d) Within two weeks of the after certification by the state

canvassing board of the results of the general election, the state treasurer shall distribute the available funds in the general account, as certified by the commissioner of revenue on November 15 and according to the allocations set forth in subdivision 5, in ~~an equal amount~~ amounts to each ~~candidate~~ all candidates for each statewide office who received at least five percent of the votes cast in the general election for that office, and to all candidates for legislative office who received at least ten percent of the votes cast in the general election for the specific office for which he was a ~~candidate~~ they were candidates.

Sec. 31. Minnesota Statutes 1974, Section 10A.31, is amended by adding a subdivision to read:

Subd. 8. Within one week after certification by the state canvassing board of the results of the primary, the commission shall certify to the state treasurer the name of each candidate who has signed the agreement as provided in section 10A.32, subdivision 3, and the amount he is to receive from the available funds in his party account.

Sec. 32. Minnesota Statutes 1974, Section 10A.31, is amended by adding a subdivision to read:

Subd. 9. Within one week after certification by the state canvassing board of the results of the general election, the commission shall certify to the state treasurer the name of each candidate who is qualified to receive funds from the general account, together with the amount he is to receive from the available funds in the general account.

Sec. 33. Minnesota Statutes 1974, Section 10A.31, is amended by adding a subdivision to read:

Subd. 10. In the event that on November 15 less than 98 percent of the tax returns have been processed, the commissioner of revenue shall certify to the commission on December 7 the amount accumulated in each account since the previous certification. Within one week thereafter, the commission shall certify to the state treasurer the amount to be distributed to each candidate according to the allocations as provided in subdivision 5. As soon as practicable thereafter, the state treasurer shall distribute the amounts to the candidates. Any moneys accumulated after the final certification shall be maintained in the respective accounts for distribution in the next general election year.

Sec. 34. Minnesota Statutes 1974, Section 10A.32, is amended to read:

10A.32 [LIMITATIONS UPON THE STATE ELECTION CAMPAIGN FUND.] Subdivision 1. No candidate shall be entitled to receive from the state elections campaign fund an amount greater than the total amount of expenditures which may be made by him or on his behalf ~~of the candidate~~ under sections 10A.25 and 10A.27. The amount by which the allocation exceeds the expenditure limit shall be distributed to all other candidates of the same party whose shares do not exceed their expenditure limits in proportion to their shares as set forth in section 10A.31.

Subd. 2. No candidate shall be entitled to receive from the state election campaign fund an amount greater than the total amount actually expended by him or on his behalf of the candidate during his campaign in the year of the election. If the report required to be filed on or before January 31 in the year following the general election indicates that the amount received by the candidate is greater than the amount authorized to be expended on his behalf, the treasurer of his principal campaign committee shall refund to the state treasurer an amount equal to the difference. The refund in the form of a check or money order shall be submitted with such report and the commission shall forward the refund to the state treasurer for deposit in the general fund of the state.

Subd. 3. As a condition of receiving any funds from the state elections campaign fund, any candidate, prior to receipt of the funds, shall agree by stating in writing to the commission on or before September 1 that authorized expenditures on his behalf shall not exceed the expenditure limits as set forth in section 10A.25 and that his principal campaign committee shall not accept contributions exceeding for the period beginning with January 1 of the election year or the registration of his principal campaign committee, whichever occurs later, and ending December 31 of the election year which exceed 105 percent of the difference between the amount which may legally be expended by him or on his behalf of that candidate, and the amount which the candidate he receives from the state elections campaign fund. Any amount by which his total contributions exceed 105 percent of the difference shall be refunded to the state treasurer. The refund in the form of a check or money order shall be submitted in the same manner as provided in subdivision 2.

For the purposes of this subdivision only, the total amount to be distributed to each candidate is calculated to be his share of the total estimated funds in his party account as provided in subdivision 3a, plus the total amount estimated as provided in subdivision 3a to be in the general account and set aside for that office divided by the number of candidates whose names are to appear on the general election ballot for that office. If the amount actually received by the candidate is greater by reason of a lesser number of qualifying candidates sharing in the funds in each account, and his contributions thereby exceed 105 percent of the difference, the agreement shall not be considered violated.

Subd. 3a. The commissioner of revenue shall certify to the commission on or before the last day for filing for office his estimate of the total to be accumulated in each account in the state elections campaign fund after 100 percent of the tax returns have been processed. Within seven days after the last day for filing for office the secretary of state shall certify to the commission the name, address, office sought, and party affiliation of each candidate who has filed with that office his affidavit of candidacy or petition to appear on the ballot. The auditor of each county shall certify to the commission the same information for each candidate who has filed with that county his affidavit of candidacy or petition to appear on the ballot. Within seven days thereafter the commission shall estimate the minimum

amount to be received by each candidate who qualifies as provided in section 10A.31, subdivisions 6 and 7, and notify all candidates on or before August 15 of the applicable amount.

Subd. 4. If a political party for whose candidates funds have been accumulated in the state elections campaign fund does not have a candidate for ~~statewide~~ any office, ~~state representative or state senator~~, the moneys ~~which would be used for distribution to that category or categories~~ shall be transferred to the general maintained in that account until the year of the next general election. *If in two successive general election years that political party does not have a candidate for any office, the accumulated funds shall be transferred to the general fund of the state.*

Sec. 35. *Minnesota Statutes 1974, Sections 10A.01, Subdivision 14; 10A.14, Subdivision 3; and 10A.22, Subdivisions 2 and 8, are repealed.*

Sec. 36. *This act is effective the day following final enactment."*

Further strike the title and insert:

"A bill for an act relating to the conduct of public officials and campaigns for public office; redefining "lobbyist" and certain other terms; providing for the filing of certain reports and statements; providing for distribution of moneys in the state elections campaign fund; providing penalties; amending Minnesota Statutes 1974, Sections 10A.01, Subdivisions 2, 5, and 11, and by adding a subdivision; 10A.02, Subdivisions 1, 5, 8 and 11; 10A.04, Subdivision 4, and by adding a subdivision; 10A.09, Subdivision 5; 10A.14, Subdivision 2; 10A.19, Subdivision 1; 10A.20, Subdivisions 1, 2, and 3, and by adding subdivisions; 10A.21, Subdivision 1; 10A.23; 10A.25, Subdivisions 3, 6 and 7; 10A.27, Subdivision 3; 10A.30, Subdivision 2; 10A.31, Subdivisions 3, 5, 6, and 7, and by adding subdivisions; and 10A.32; repealing Minnesota Statutes 1974, Sections 10A.01, Subdivision 14; 10A.14, Subdivision 3; 10A.22, Subdivisions 2 and 8."

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

Senate Conferees: (Signed) Steve Keefe, Robert J. Brown, Peter P. Stumpf

House Conferees: (Signed) Bruce F. Vento, Thomas C. Osthoff, Gerald Knickerbocker

Mr. Keefe, S. moved that the foregoing recommendations and Conference Committee Report on S. F. No. 1499 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 1499: A bill for an act relating to the conduct of public officials and campaigns for public office; defining "lobbying"; redefining "lobbyist" and certain other terms; providing for the filing of certain reports and statements; providing penalties; amending Minnesota Statutes 1974, Sections 10A.01, Subdivisions 2, 5, 7, 10 and 11, and by adding a subdivision; 10A.02, Subdivisions 1, 5, 8 and 11; 10A.04, Subdivision 4; 10A.07, Subdivision 1; 10A.09, Subdivision 5; 10A.11,

Subdivision 6; 10A.14, Subdivision 2; 10A.19, Subdivision 1; 10A.20, Subdivisions 1, 2, and 3, and by adding a subdivision; 10A.21, Subdivision 1; 10A.22, Subdivision 5; 10A.23; 10A.25, Subdivisions 3, 6 and 7; 10A.27, Subdivision 3; repealing Minnesota Statutes 1974, Sections 10A.01, Subdivision 14; 10A.14, Subdivision 3; 10A.20, Subdivision 4; 10A.22, Subdivisions 2 and 8.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 48 and nays 0, as follows:

Those who voted in the affirmative were:

Arnold	Davies	Keefe, S.	Milton	Pillsbury
Ashbach	Fitzsimons	Kirchner	Moe	Renneke
Bang	Gearty	Kleinbaum	Nelson	Schaaf
Berg	Hansen, Baldy	Knutson	North	Stassen
Bernhagen	Hansen, Mel	Kowalczyk	Olson, A. G.	Stokowski
Blatz	Hanson, R.	Larson	Olson, H. D.	Stumpf
Borden	Hughes	Laufenburger	Olson, J. L.	Ueland
Brataas	Humphrey	Lewis	O'Neill	Willet
Brown	Jensen	McCutcheon	Patton	
Chenoweth	Josefson	Merriam	Perpich, A. J.	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MEMBERS EXCUSED

Pursuant to Rule 21, Mr. Keefe, S. moved that the following members be excused for a Conference Committee on H. F. No. 2043:

Messrs. Keefe, S.; Olson, A. G.; Stassen. The motion prevailed.

S. F. No. 1963 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1963

A bill for an act relating to the operation of state government; raising base salaries for certain executive branch employees, judges and judicial branch employees; limiting possible increases for certain executive branch employees; requiring political subdivisions of the state to report certain salaries; providing for a report by the personnel board; extending the open meeting law to the legislature; amending Minnesota Statutes 1974, Sections 15A.081; 15A.083, as amended; 43.062, Subdivision 3; and 43.067; 471.705, Subdivision 1; and Chapter 43, by adding a section; and Minnesota Statutes, 1975 Supplement, Section 15A.081, Subdivision 1; repealing Minnesota Statutes 1974, Sections 15A.081, Subdivisions 1a and 4; 43.066; 43.069; and 487.05.

April 1, 1976

The Honorable Alec G. Olson
President of the Senate

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

We, the undersigned conferees for S. F. No. 1963 report that we have agreed upon the items in dispute and recommend as follows:

That S. F. No. 1963 be amended as follows:

Strike everything after the enacting clause and insert:

"ARTICLE I

Section 1. [BOARD OF COMPENSATION.] *Subdivision 1. The board of compensation is composed of nine members appointed by the governor. Each shall serve a term of six years and until his successor is appointed and qualifies, except that initial appointments shall be made so that the terms of three members expire on the first Monday in January in 1979, three on the first Monday in January in 1981, and three on the first Monday in January in 1983.*

Subd. 2. A person registered as a lobbyist under the laws of this state or serving as an employee of the state or a member of the legislature shall not be eligible for appointment as a member of the board. No more than five of the members shall be members of the same political party. The board shall annually select from among its membership a chairman and other officers as it deems necessary.

Subd. 3. The compensation of board members, the removal of board members and the filling of vacancies shall be as provided for other administrative boards in chapter 15.

Subd. 4. The commissioner of administration shall provide clerical and other personnel, suitable office space, and supplies as necessary for the proper working of the board. With the approval of the commissioner of administration, an employee of a state agency may be transferred temporarily to assist the board in its work. The agency to which the employee is permanently assigned shall pay his salary and be reimbursed from money appropriated to the commissioner of administration for the purposes of the board.

Subd. 5. On or before December 15, 1976, and on or before November 15 of each odd-numbered year thereafter, the board shall set and announce the salary and expense allowances to be paid to members of the legislature and judges of the supreme court. Any salary set by the board shall not be lower than a salary set by statute. The compensation set by the board for legislators shall be effective on the first day of the regular legislative session in the odd-numbered year next following the setting of the compensation, and shall remain in effect until changed by law or set by the board for the next term of members of the house of representatives. The compensation set by the board for judges of the supreme court shall be effective on the first Monday in January in the odd-numbered year next following the setting of the compensation, and shall remain in effect until changed by law or by the board. The procedures required by chapter 15 in the promulgation of rules shall not be required in the setting of salaries pursuant to this section.

Subd. 6. In conducting its review of compensation, the board shall consider the amount of compensation paid in government service and private industry to employees with similar responsibilities, the amount of compensation needed to attract qualified persons, and current economic conditions in the nation and the state. In conducting its review of compensation for members of the legislature, the board shall also consider the average length of a legislative session, the amount of work required of individual legislators during legislative sessions and interim periods, and opportunities to earn income from other sources without neglecting required legislative duties. The board shall also consider the extra costs incurred by those legislators who are required to live in the vicinity of the capitol during a legislative session.

Subd. 7. Unless changed by law or pursuant to subdivision 5, the compensation fixed by the board shall have the full force and effect of law and shall be deemed to modify, supersede, or render inapplicable, as the case may be, all inconsistent provisions of law enacted prior to the date of the report of the board and shall be printed by the revisor of statutes in the session laws for the legislative session immediately following transmittal of the report.

Sec. 2. Minnesota Statutes 1974, Section 3.099, is amended to read:

3.099 [PAYMENT OF LEGISLATIVE COMPENSATION.] The compensation of each member of the house of representatives of the legislature shall be \$16,000 for the entire term to which he is elected \$8,400 per year or a sum otherwise provided by the board of compensation, which shall be due on the first day of the regular legislative session of the term and payable as follows: \$700 in equal shares on the fifteenth day of January and on the first day of each month, February to December, inclusive, during the term for which he was elected.

The compensation of each senator of the legislature shall be \$33,600 for the term to which he is elected, of which \$16,800 shall be due on the first day of each regular legislative session of the term and payable as follows:

\$700 on the fifteenth day of January and on the first day of each month February to December, inclusive, during the term for which he was elected;

Each member shall receive mileage for necessary travel in going to and returning from the place of meeting to his place of residence in such amount and for such trips as may be authorized by the senate as to senate members, and by the house of representatives as to house members.

Each member shall receive in addition to the foregoing, such per diem living expenses during a regular or special session of the legislature in such amounts and for such purposes as may be determined by the senate as to senate members and by the house of representatives as to house members.

On the fifteenth day of January and on the first day of each month, February to December, inclusive, the secretary of the senate and the chief clerk of the house of representatives, shall

certify to the commissioner of finance, in duplicate, the amount of compensation then payable to each member of their respective houses, and the aggregate thereof.

Sec. 3. Minnesota Statutes 1974, Section 3.102, is amended to read:

3.102 [LEGISLATIVE LIVING EXPENSES.] Each member of the legislature shall be reimbursed for his *actual and necessary* expenses when he is *required to attend meetings of standing committees, commissions, or is engaged in other legislative activity when the legislature is not in session.* The amount of such reimbursement shall not exceed \$33 per day as a per diem expense allowance for all expenses incurred except travel. He shall also be reimbursed for his travel expenses incurred while engaged in official legislative business in the same amount as state employees are reimbursed for such travel unless otherwise provided by the board of compensation.

Reimbursements to members of the legislature for out-of-state meetings or other legislative activity shall be in the same amounts as state employees are reimbursed for such out-of-state expenses unless otherwise provided by the board of compensation.

Expenses for members of the legislature are payable in the manner and in the amount designated by the senate committee on rules and administration as to members of the senate and by the committee on rules and legislative administration as to members of the house of representatives.

The expense allowances provided for herein to the persons designated are in lieu of any other expenses authorized by law or resolution for the same purposes.

Sec. 4. Minnesota Statutes 1974, Section 3.13, is amended to read:

3.13 [PRESIDENT AND SPEAKER; COMPENSATION.] The president of the senate and, the speaker of the house of representatives and the majority and minority leaders of both houses shall receive, in addition to the amounts specified in section 3.09, the sum of \$5 each per day during any session a term of the legislature unless otherwise provided by the board of compensation.

ARTICLE II

Section 1. Minnesota Statutes, 1975 Supplement, Section 15A.081, Subdivision 1, is amended to read:

15A.081 [SALARIES AND SALARY RANGES FOR CERTAIN EMPLOYEES.] Subdivision 1. The following salaries or salary ranges are provided for the below listed officers and employees in the executive branch of government:

	Base Salary or Range	
Administration, department of commissioner	\$36,000	\$41,000
deputy commissioner	28,000	34,900

Base Salary or Range

Aeronautics, department of commissioner	20,400	25,000
Agriculture, department of commissioner	22,000	32,000
deputy commissioner	17,600	27,200
Attorney general, office of attorney general	36,500	
deputy attorney general	19,100 - 31,500	22,500 - 35,700
Auditor, office of auditor	26,000	
deputy auditor	20,000	25,000
Commerce, department of		
commissioner of banks	22,000	27,500
commissioner of insurance	22,000	27,500
commissioner of securities	22,000	27,500
Community college system chancellor	27,500	36,000
Corrections, department of commissioner	28,000	33,000
deputy commissioner	22,400	28,100
Corrections board		
<i>Members, other than chairperson</i>		22,000
Economic development, department of commissioner	22,000	26,000
deputy commissioner	17,600	22,100
Education, department of commissioner	29,000	37,000
deputy commissioner		31,500
Employment services, department of commissioner	26,400	30,000
deputy commissioner		25,500
Energy agency		
director		30,500
deputy director		26,000
Finance, department of commissioner	35,500	40,000
deputy commissioner	28,400	34,000

Base Salary or Range

Governor, office of governor	41,000	
Health, department of commissioner	30,300	36,000
<i>deputy commissioner</i>		30,600
Hearing examiners, office of chief hearing examiner		35,000
Higher education coordinating commission executive director	26,100	32,000
<i>assistant executive director</i>	20,900	
Highways, department of commissioner	33,600	39,000
<i>deputy commissioner</i>		33,200
Housing finance agency executive director		32,000
Human rights, department of commissioner	20,000	25,000
<i>deputy commissioner</i>		21,300
Indian affairs commission executive director	17,500	21,000
Investment, board of executive secretary	35,000	37,500
Iron range resources and rehabilitation board commissioner		25,000
<i>deputy commissioner</i>		21,300
Labor and industry, department of commissioner	26,400	32,000
deputy commissioner	21,100	27,200
workmen's workers' compensation commissioner	22,000	35,000
director, mediation services	21,000	
Lieutenant governor, office of Lieutenant governor	30,000	
Liquor control, department of commissioner	19,000	
Mediation services, Bureau of director		26,000

	Base Salary or Range	
Natural resources, department of		
commissioner	28,300	37,000
deputy commissioner	22,600	31,500
Personnel, department of		
commissioner	31,000	37,000
deputy commissioner	24,800	31,500
Planning agency		
director	27,000	33,000
Pollution control agency		
director	24,000	30,000
<i>deputy director</i>		25,500
Public safety, department of		
commissioner	26,900	34,000
deputy commissioner	21,500	28,900
Public service, department of		
commissioner, public		
service commission	22,000	28,000
director	20,700	28,000
Public welfare, department of		
commissioner	33,600	39,000
deputy commissioner	26,900	33,200
Revenue, department of		
commissioner	28,900	36,000
<i>deputy commissioner</i>		30,600
Secretary of state, office of		
secretary of state	25,000	
deputy secretary of state	17,500	23,400
State college university system		
chancellor	32,500	38,000
Treasury, state		
treasurer	25,000	
deputy treasurer	17,500	23,400
Veterans affairs, department of		
commissioner	16,000	26,000
<i>deputy commissioner</i>		22,100

Sec. 2. Minnesota Statutes 1974, Section 43.062, Subdivision 1, is amended to read:

43.062 [SALARY SETTING AUTHORITY.] Subdivision 1. [SALARY LISTING.] The personnel board shall, on or before November 15 of each even numbered year, submit to the com-

missioner of personnel a listing of salaries for the positions listed in sections 15A.081 and 15A.083 ~~and for members of the legislature except for judges of the supreme court~~. The board may also recommend adding or deleting of positions from this list.

Sec. 3. Minnesota Statutes 1974, Section 43.062, Subdivision 3, is amended to read:

Subd. 3. [SALARIES.] Except for positions for which salary ranges have been established, the salary listing shall contain a specific salary for each position defined in subdivision 1. For positions for which no salary ranges have been established, the salary listing shall further contain a specific monetary amount or percentage to which an incumbent's salary may be raised to reward achievement as prescribed by section 43.069.

The board shall ~~determine~~ *recommend* only a fixed salary for the positions of the constitutional officers, executive secretary of the board of investment, the workmens' compensation commissioner and the commissioner of public service who shall not be eligible for achievement awards as provided by section 43.069.

Sec. 4. Minnesota Statutes 1974, Section 43.067, is amended to read:

43.067 [SALARY LIMITS.] *Subdivision 1. [AGENCY HEADS AND DEPUTIES.] The base salary of the head of any state department in the executive branch shall serve as the upper limit of compensation in his organization unless the personnel board approves an exemption in individual cases the department. Within the department, no person other than the department head shall be paid more than the base salary of the deputy department head if there is a deputy department head. If the deputy department head is paid pursuant to a salary range, no person other than the department head shall be paid more than the highest step in that salary range.*

Subd. 2. [DISCRETIONARY EXEMPTIONS.] *The personnel board may grant exemptions from the provisions of subdivision 1 in the case of an individual employee in the classified civil service, but a salary increase authorized by other law by reason of seniority or cost of living adjustments shall not be sufficient reason to grant an exemption. The board may grant an exemption upon application of the employee's department head, but only if the board determines that the position requires special expertise necessitating a higher salary in order to maintain or attract qualified persons. In no event may a salary exempted pursuant to this subdivision exceed 120 percent of the base salary established in chapter 15A for the employee's department head.*

Subd. 3. [MEDICAL DOCTORS EXEMPTED.] *Salaries of medical doctors who are occupying positions which the commissioner of personnel determines requires an M.D. degree and who are paid under the provisions of section 43.126, shall be excluded from the limitation provided in this section.*

Sec. 5. Minnesota Statutes 1974, Section 43.069, is amended to read:

43.069 [ACHIEVEMENT AWARDS.] Subdivision 1. Except as provided in section 43.062, the personnel board may ~~raise the salary for~~ *grant an achievement award* to any individual incumbent of a position whose base salary is established under the provisions of section 15A.081, and which has not been provided with a salary range, provided:

(a) The incumbent has, in the opinion of the board, challenging written objectives which are specific as to amount and time and which have been agreed upon in advance by the appointing authority;

(b) The appointing authority of the incumbent applies to the board for the ~~salary increase~~ *achievement award* and simultaneously certifies to the board that the incumbent has fulfilled, or is fulfilling, his agreed upon objectives.

Subd. 2. The board may require the appointing authority or the incumbent to submit additional information as it may deem necessary.

Subd. 3. The appointing authority may apply for, and the board may approve ~~salary raises~~ *an achievement award* for the incumbent ~~by any increment, and more than once not to exceed five percent of the base salary set for the position in section 15A.081. The aggregate of the increases under this section shall not increase the individual salary beyond 25 percent of the base salary established for the position under the provisions of section 15A.081.~~

Subd. 4. Any achievement award ~~granted to individuals under this section shall remain in effect for 12 months from the date of approval, unless the board determines a lesser effective period of time shall be applied for near the end of a fiscal year and shall be based on the performance of the incumbent during the preceding 12 months. In the event that an incumbent has served in an eligible position for less than 12 months, the appointing authority and the board may consider a lesser period of time. Once the board has granted an achievement award for performance during a given fiscal year, the commissioner of finance shall pay the award in a lump sum and no further awards for achievements during that fiscal year shall be granted.~~

Sec. 6. [TEMPORARY PROVISION.] *No incumbent whose salary is prescribed in section 15A.081, or whose salary is limited by section 43.067, shall suffer a decrease in salary as a result of this act. If an incumbent's new salary as prescribed by section 15A.081, is less than the salary he is earning on the day prior to the effective date of this act, the salary for that incumbent, for as long as he holds that position, shall be the salary he is receiving on the day prior to the effective date of this act. This provision shall be effective for a particular incumbent until a vacancy in the position occurs or the salary of the incumbent falls below a newly established statutory limit.*

An incumbent whose salary was, prior to the effective date of this act, set pursuant to section 43.126 may, at his discretion, continue to have his salary set pursuant to section 43.126 without reference to sections 15A.081, or 43.067.

An incumbent whose position is not listed in section 15A.081 and whose salary on the effective date of this act is higher than that permitted by section 43.067, shall continue to receive that higher salary for as long as he holds that position, but he shall not be eligible for increases (1) until his salary is no longer higher than that permitted by section 43.067, or (2) unless the personnel board approves an exemption pursuant to section 43.067, subdivision 2.

Article III

Section 1. Minnesota Statutes 1974, Section 15A.081, is amended by adding a subdivision to read:

Subd. 5. [CONSTITUTIONAL OFFICERS.] The following salaries are provided for the constitutional officers of the state:

<i>Governor</i>	<i>\$45,000</i>
<i>Attorney general</i>	<i>42,000</i>
<i>Lieutenant governor</i>	<i>32,000</i>
<i>Auditor</i>	<i>29,400</i>
<i>Secretary of state</i>	<i>27,500</i>
<i>Treasurer</i>	<i>27,500</i>

Article IV

Section 1. Minnesota Statutes 1974, Section 15A.083, as amended by Laws 1975, Chapter 381, Section 1, and Laws 1976, Chapter 2, Section 2, is amended to read:

15A.083 [SALARIES FOR POSITIONS IN THE JUDICIAL BRANCH.] Subdivision 1. [ELECTIVE JUDICIAL OFFICERS.]

The following salaries shall be paid annually to the enumerated elective judicial officers of the state:

<i>Chief justice of the supreme court, except as otherwise provided by the board of compensation</i>	<i>\$40,000</i>	<i>\$45,000</i>
<i>Associate justice of the supreme court, except as otherwise provided by the board of compensation</i>	<i>36,500</i>	<i>43,000</i>
<i>District judge, and judge of probate court in Ramsey and Hennepin counties</i>	<i>32,000</i>	<i>37,500</i>

Each district judge shall receive \$1,500 additional annually from each county in his district having a population of 200,000 or more. When any district judge shall preside upon the trial or hearing of any cause outside of his resident district wherein the district judge receives a larger salary he shall receive an additional compensation during the period of such trial or hearing the difference between his fixed compensation and the compensation of the district judge

of the district where he has been so engaged, to be paid by the county wherein the trial or hearing was held upon certification of the senior resident district judge thereof.

An amount due from a county under this subdivision shall be paid by the state and forthwith reimbursed by the county.

Subd. 2. [COUNTY COURT AND COUNTY MUNICIPAL JUDGES.] *Notwithstanding any other provision of the law, the following annual salaries shall be paid to the enumerated judicial officers:*

(1) Judge of a county court, or county municipal court . . . \$35,000.

(1) (2) Notwithstanding any other law to the contrary, the salary paid to a judge of a county court shall also be paid to judges of the probate court of St. Louis county and to judges of the Duluth municipal court.

(2) Judges of the county municipal courts, and county courts in the counties of Hennepin, Ramsey, Washington, Anoka, Scott, Carver and Dakota . . . \$20,000.

(3) If any judge enumerated in this subdivision dies while in office, the amount of his salary remaining unpaid for the month in which his death occurs, shall be paid to his estate.

(4) Judges not learned in the law \$25,000.

(5) *The amounts required to pay the salaries in this subdivision are hereby appropriated from the general fund of the state of Minnesota.*

Subd. 3. [RANGES FOR OTHER JUDICIAL POSITIONS.] Salaries or salary ranges are provided for the following positions in the judicial branch of government. The appointing authority of positions for which ranges have been provided shall fix individual salaries under the provisions of section 15A.081, subdivision 2.

Public defender	\$24,000-30,000	\$26,400-32,200
Court administrator	25,000-32,000	27,400-34,400
County attorneys council executive director	18,000-27,500	19,200-28,500

Subd. 4. [TAX COURT.] Salaries of members of the tax court \$10,500 \$12,000.

Sec. 2. [TEMPORARY PROVISION.] *Notwithstanding any other provision of this act to the contrary, an increase in compensation provided a district or supreme court judge herein shall not take effect until every judge of the district court and justice of the supreme court who served in the district or supreme court prior to July 1, 1967, submits an executed agreement to the executive director of the Minnesota state retirement system in accord with section 490.106.*

Sec. 3. Minnesota Statutes, 1975 Supplement, Section 484.54, is amended to read:

484.54 [EXPENSES OF JUDGES.] The judges of the district court shall be paid, in addition to the amounts now provided by law, all sums they shall hereafter pay out as necessary ~~traveling and hotel expenses~~ while absent from their places of residence in the discharge of their official duties, ~~and except that a judge shall not be paid such travel expenses for travel from his place of residence to and from his permanent chambers unless it is more than 75 miles. Judges shall be compensated for travel expenses in the same manner and amount as state employees. Additionally, judges of the district court shall be reimbursed for all sums, not reimbursed by counties, they shall necessarily hereafter pay out for only the following purposes: telephone tolls, postage, expressage, and stationery, including printed letterheads and envelopes for official business except that a judge shall not be paid such traveling expenses for travel from his place of residence to and from his permanent chambers; membership dues in the American bar association and affiliated sections, the state bar association and affiliated local district associations, and state and local district judges association; registration fees, tuition, travel and subsistence for attending educational programs, attendance at which is approved by the supreme court; and, for delegates as designated by the supreme court, travel and subsistence for attending regular meetings of the American bar association and its affiliated sections. Travel and subsistence expenses shall be paid in the same manner and amount as for state employees. Each judge claiming reimbursement for allowable expenses may file with the supreme court monthly and shall file within not later than 90 days after the expenses are incurred, unless the time is extended by the commissioner of finance, with the commissioner of finance an itemized statement, verified by him the judge, of all such allowable expenses actually paid by him which shall be audited by the commissioner of finance and paid upon his warrant. All statements shall be audited by the supreme court and, if approved by the supreme court, shall be paid by the commissioner of finance from appropriations for this purpose.~~

Sec. 4. The chief justice of the supreme court shall appoint an advisory committee on court facilities composed of seven members. The committee shall expire, and the terms, compensation and removal of committee members shall be as provided in section 15.059. The committee shall report to the legislature and the supreme court by November 15 of each even numbered year its findings on the adequacy and long-range needs for court facilities within the state. If appropriate, the report shall also include recommendations for the improvement of the facilities.

Article V

Section 1. Minnesota Statutes 1974, Section 241.045, Subdivision 4, is amended to read:

Subd. 4. [COMPENSATION; EXPENSES.] Each member of the authority other than the chairman shall receive as compensa-

tion the sum of \$20,000 per year, payable in the same manner as other employees of the state. Compensation for the chairman of the authority board shall receive as compensation his salary as an officer of the department of corrections, which shall not be less than the salary of the other members of the authority board. In addition to the compensation herein provided, Each member of the authority board shall be reimbursed for all expenses paid or incurred by him in the performance of his official duties in the same manner as other employees of the state. This Compensation and these expenses shall be paid out of the general fund in the same manner as the salaries and expenses of other state officers employees are paid, except that the salary and expenses of the chairman of the authority board shall be paid out of funds appropriated to the commissioner of corrections.

Sec. 2. Minnesota Statutes 1974, Chapter 8, is amended by adding a section to read:

[8.065] [DEPUTY AND ASSISTANT ATTORNEYS GENERAL; ASSIGNMENTS.] Notwithstanding any other provision of law, the attorney general may assign all deputy and assistant attorneys general authorized by statutes to such state agencies as he deems necessary to the proper conduct of the legal business of the state.

Sec. 3. No public employee or official shall be paid a salary in an amount greater than the salary paid to the governor, nor shall any additional compensation be paid in an amount greater than additional compensation paid the governor. Contracts for salary and compensation in effect on the effective date of this act that conflict with this section may continue until their expiration, and no subsequent salary and compensation for that person in that position shall exceed the salary and compensation effective at the expiration of that contract unless that salary and compensation cease to be in excess of the salary and compensation of the governor. The limitation contained in this section shall not apply to employees of the university of Minnesota, nor shall it apply to medical doctors who the appropriate appointing authority determines are occupying positions requiring an M.D. degree.

Sec. 4. Notwithstanding any other law, ordinance, resolution or provision in a home rule charter to the contrary, no political subdivision shall expend funds for expenses incurred in travel by an employee or elected or appointed officials at a rate in excess of amounts permitted by rules established by the commissioner of personnel to govern expenses incurred by state employees.

Sec. 5. [APPROPRIATION.] There is appropriated from the general fund to the commissioner of administration the sum of \$10,000 to carry out the purposes of article I.

Sec. 6. [REPEALERS.] Subdivision 1. Minnesota Statutes 1974, Sections 15A.081, Subdivisions 1a and 4; 43.066; 487.05; and 526.18 are repealed.

Subd. 2. Minnesota Statutes 1974, Sections 3.101 and 3.103 are repealed.

Sec. 7. [NONSEVERABILITY.] If article I, section 1, of this act

shall be found to be unconstitutional, then article I and article V, section 6, subdivision 2, shall be void.

Sec. 8. [EFFECTIVE DATE.] *Article I, sections 2 to 4, and article V, section 6, subdivision 2, are effective the first day of the 1977 legislative session. Article I, section 1, and article V, section 5, are effective the day after enactment. Article V, section 4, of this act is effective on July 1, 1977. The remainder of this act is effective with the first pay period beginning on or after July 1, 1976.*

Further strike the title and insert:

"A bill for an act relating to the operation of state government; raising salaries for certain executive branch employees, constitutional officers, judges and judicial branch employees; creating a board of compensation to revise salaries for legislators and supreme court judges; limiting possible increases for certain executive branch employees; amending Minnesota Statutes 1974, Sections 3.099; 3.102; 3.13; 15A.081, by adding a subdivision; 15A.083, as amended; 43.062, Subdivisions 1 and 3; 43.067; 43.069; 241.045, Subdivision 4; and Chapter 8, by adding a section; Minnesota Statutes, 1975 Supplement, Sections 15A.081, Subdivision 1; and 484.54; repealing Minnesota Statutes 1974, Sections 3.101; 3.103; 15A.081, Subdivisions 1a and 4; 43.066; 487.05; and 526.18."

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

Senate Conferees: (Signed) Edward J. Gearty, Bill McCutcheon

House Conferees: (Signed) Harry A. Sieben, Fred C. Norton

Mr. Gearty moved that the foregoing recommendations and Conference Committee Report on S. F. No. 1963 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Ashbach moved that the Conference Committee Report on S. F. No. 1963 be rejected and that S. F. No. 1963 be returned to the Conference Committee as formerly constituted.

Mr. Davies requested division of the Ashbach motion. So the question was divided.

The question being taken on the first portion of the motion of Mr. Ashbach to reject the Conference Committee Report on S. F. No. 1963,

And the roll being called, there were yeas 45 and nays 13, as follows:

Those who voted in the affirmative were:

Anderson	Brown	Hansen, Mel	Laufenburger	Perpich, A. J.
Arnold	Chenoweth	Hanson, R.	Merriam	Pillsbury
Ashbach	Coleman	Jensen	Nelson	Renneke
Bang	Conzemius	Josefson	North	Schrom
Berg	Davies	Keefe, J.	Ogdahl	Sillers
Bernhagen	Dunn	Kirchner	Olson, H. D.	Stumpf
Blatz	Fitzsimons	Knutson	Olson, J. L.	Tennessee
Borden	Frederick	Kowalczyk	O'Neill	Ueland
Brataas	Hansen, Baldy	Larson	Patton	Wegener

Those who voted in the negative were:

Doty	Kleinbaum	Milton	Schmitz	Willet
Gearty	Lewis	Olhoft	Spear	
Humphrey	McCutcheon	Schaaf	Stokowski	

The motion prevailed.

Mr. Ashbach withdrew the second portion of his motion to return S. F. No. 1963 to the Conference Committee as formerly constituted.

Mr. Gearty moved that the Conference Committee on S. F. No. 1963 be discharged and a new Conference Committee be appointed. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

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

S. F. No. 2096: A bill for an act relating to metropolitan government; changing the metropolitan parks and open space commission to the metropolitan parks, arts and recreation commission and prescribing its powers and duties; authorizing the metropolitan council to issue bonds and levy taxes therefor; authorizing the council to impose an admissions tax; authorizing the council to impose a transient lodging tax in the metropolitan area; requiring the completion of an environmental impact statement and pollution control agency permits prior to construction of a new sports facility; authorizing a liquor license for the commission; requiring a certificate of need for regional recreational facilities; amending Minnesota Statutes 1974, Chapter 473, by adding sections; Minnesota Statutes, 1975 Supplement, Sections 473.121, Subdivisions 7 and 14; 473.147; 473.301; 473.302; and 473.303, Subdivision 1; repealing Minnesota Statutes 1974, Section 340.11, Subdivision 11a.

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

Adopt the report of the Taxes and Tax Laws Committee reported in the Journal on March 31, 1976, and further amend as follows:

Pages 11 and 12, strike all of subdivision 2, and insert:

"Subd. 2. The cities and the metropolitan sports area commission shall cause all conveyances and other instruments to be executed, delivered, and recorded on their behalf which the commission, upon advice of counsel, deems necessary or desirable to transfer and convey to it all of the cities' right, title, and interest in and to the metropolitan sports area and all parts thereof and appurtenances thereto. The treasurer of the city of Minneapolis shall remit, endorse, assign and transfer to the treasurer of the commission all moneys and securities credited to the metropolitan sports area fund on the city's official books and records under the provisions of the ownership and opera-

tions agreement, except the metropolitan sports area bond sinking fund. The commission shall be and become obligated for the payment of the principal and interest thereafter due and payable with respect to the general obligation bonds and revenue bonds issued by the city of Minneapolis under the provisions of the ownership and operations agreement and amendments thereto and shall provide to Minneapolis funds sufficient to meet such payments and to maintain the sinking fund pursuant to the agreement; provided that when the balance in the sinking fund is sufficient to pay all remaining bonds and interest to their maturity dates, or to an earlier date on which they have been called for redemption, the obligation of the commission shall be discharged. The commission shall assume all of the cities' obligations and those of the metropolitan sports area commission under the provisions of all use agreements relating to the metropolitan sports area, and the cities and the metropolitan sports area commission shall cause to be executed all such assignments and other documents as the commission, upon advice of counsel, shall deem necessary or desirable and appropriate to vest all their rights and privileges under such agreements in the commission, provided that nothing herein shall be construed as imposing upon the commission an obligation to the cities and the metropolitan sports area commission, or any of them, to compensate the cities for all or any part of the metropolitan sports area, or to continue to operate and maintain the metropolitan sports area facilities taken over by the commission, except to the extent necessary to provide revenues sufficient, with other resources of the commission, to pay said outstanding bonds and interest thereon."

Page 13, line 30, strike "general obligation"

Page 14, line 3, after "and" insert "revenue"

Page 14, strike lines 6 to 12

Page 14, line 13, strike "(d)" and insert "(c)"

Page 14, line 17, after "475" insert "for bonds payable solely from revenues"

Page 14, line 20, after "chapter" insert ", except that the interest rates on the bonds shall be limited to 7½ percent, and the bonds may be sold at any price and at public or private sale as determined by the council, and they shall be payable solely from tax and other revenues referred to in section 11, and shall not be a general obligation or debt of the metropolitan council or of the commission"

Page 15, line 23, strike the semicolon and insert a period

Page 15, after line 23, insert a new subdivision to read:

"Subd. 4. No construction may be carried out on a new sports facility until the council has determined that."

Reletter the clauses in sequence

Page 15, line 25, strike "13" and insert "12"

Page 15, line 29, strike "15" and insert "14"

Page 16, line 23, strike "including but not"

Page 16, line 24, strike "limited to" and insert "except subdivision 2 thereof, and from"

Page 16, line 26, strike "15" and insert "14"

Page 17, line 1, after the semicolon strike "and"

Page 17, line 7, strike the period and insert a semicolon

Page 17, after line 7b, strike the period and insert "; and"

(k) In no case shall the net revenues of the commission be reduced or abated, in whole or in part, through private box lease rate reductions offered in connection with any incentive for the donation of land or site clearance costs for a sports facility."

Page 17, strike all of subdivision 4 and insert:

"Subd. 5. [SECURITY.] The tax and other revenues described in section 1 shall be and remain pledged and appropriated for the payment of all necessary and reasonable expenses of the operation, administration, maintenance and debt service of the commission's sports facilities until all bonds referred to in section 8, subdivision 2 and all bonds issued pursuant to this section are fully paid. The bonds referred to in section 8, subdivision 2 may be refunded, whether at a lower or a higher note of interest, by the issuance of new bonds pursuant to subdivision 1, clause (b) and not subject to the limitation in subdivision 3, for the purpose of pledging revenues of the metropolitan sports area for the payment and security of bonds issued hereunder, and until these bonds are fully paid or the council's obligation thereon is discharged in accordance with law they shall be deemed a first and prior charge on those revenues and secured by all provisions of the revenue bond resolution and the ownership and operations agreement. Bonds issued pursuant to this section may be secured by a bond resolution, or by a trust indenture entered into by the council with a corporate trustee within or outside the state, which shall define the tax and other revenues pledged for the payment and security of the bonds. The pledge shall be a valid charge on the net revenues from the date when bonds are first issued under the resolution or indenture, and shall secure not only the payment of principal and interest and redemption premiums when due, but also the maintenance at all times of a reserve securing such payments, to be established from proceeds of the bonds or of the tax authorized in section 11, subdivision 2, at the time of first issuance of the bonds or within three years thereafter, in an amount at least equal to the maximum amount of principal and interest to become due or subject to mandatory redemption (except any amount of term maturity bonds required to be redeemed before maturity) in any subsequent year, with respect to all bonds outstanding under the bond resolution or indenture. No mortgage of or security interest in any tangible real or personal property shall be granted to the bondholders or the trustee, but they shall have a valid security interest in all revenues received and accounts receivable by the commission or council hereunder, as against the claims of all other persons in tort, contract, or otherwise, irrespective of whether such parties

have notice thereof, and without possession or filing as provided in the uniform commercial code or any other law. In the bond resolution or trust indenture the council may make such covenants, which shall be binding upon the commission, as are determined to be usual and reasonably necessary for the protection of the bondholders, including but not limited to covenants regarding deposit, investment, and disposition of bond proceeds and revenues in the hands of the treasurer or the trustee; construction, acquisition, repair, replacement, operation, and insurance of facilities; funds, accounting, and reports; establishment and revision of rentals, fees, and charges to produce sufficient revenues; conditions of use and agreements for the use of facilities; establishment and maintenance of reserves for working capital, debt service, repairs, and replacements; amendment of covenants and other provisions; conditions for satisfaction and discharge of bond obligations; conditions for issuance of additional bonds as a superior, equal, or subordinate charge on the revenues pledged and the property mortgaged; duties and liabilities of the trustee; events of default and the waiver thereof; remedies, including acceleration, and limitations upon the prosecution of remedies. No pledge, mortgage, covenant, or agreement securing revenue bonds may be impaired, revoked, or amended by law or by action of the council or commission, except in accordance with the terms of the resolution or indenture under which the bonds are issued, until the obligations of the council thereunder are fully discharged."

Page 17, line 28, strike "Subd. 5." and insert "Subd. 6."

Page 17, line 28, strike "[CERTIFICATES OF INDEBTEDNESS.]" and insert "[REVENUE ANTICIPATION CERTIFICATES.]"

Page 17, line 32, after the comma insert "but subject to any limitation or prohibition in a bond resolution or indenture,"

Page 18, line 3, strike "general obligation" and insert "revenue anticipation"

Page 18, line 3, following "certificates" strike "of"

Page 18, line 4, strike "indebtedness"

Page 18, line 10, strike "debt service"

Page 18, line 17, after "received" strike the rest of the line

Page 18, strike lines 18 and 19, and insert "and the council shall raise the rate of the tax authorized in section 11, subdivision 2, so far as necessary to restore the deficiency and produce revenues sufficient to pay all costs of operation, maintenance, administration and debt service in the then current and following budget years."

Page 19, line 28, strike "When necessary"

Page 19, strike lines 29 and 30 and insert "If in any year the commission experiences a cash deficit or the council estimates that the tax and other revenues to be received in the current or following year will not be sufficient to avoid a cash deficit, the council may and shall increase the rate of the tax to such percent not exceeding two percent of

the sales price as it estimates will be sufficient to remove any present and prevent any future deficit. It may reduce the rate at any time after twelve months of operation without a deficit, to such rate as it estimates will be adequate to prevent the recurrence of a deficit."

Page 21, line 16, strike "15" and insert "14"

Page 21, line 29, strike "15" and insert "14"

Pages 22 to 24, strike all of section 13

Page 27, line 24, strike "15" and insert "14"

Page 27, after line 25, insert new sections to read:

"Sec. 18. Minnesota Statutes, 1975 Supplement, Section 139.08, Subdivision 5, is amended to read:

Subd. 5. [REPORTS.] By November 15 of each year, the board shall prepare and deliver to the legislature and the governor a report which shall include the following:

(a) a financial statement showing receipts and disbursements for the year ending the preceding June 30, including a listing of the donors and amounts of gifts to the board or its advisory committees valued in excess of \$1,000;

(b) a brief description of the activities of the board for the preceding year;

(c) the number of meetings and approximate hours spent by board members in meetings and on other board activities;

(d) the names of board members and their addresses, occupations, and dates of appointment and re-appointment to the board;

(e) the names and job classifications of board employees;

(f) a brief summary of board rules proposed or adopted during the period with appropriate citations to the state register and published rules;

(g) the number of requests for assistance received by the board and the number of written and oral complaints received from residents of the state relating to the activities of the board or the performance of the duties of the board as provided in this chapter;

(h) a summary by category of the substance of the complaints and requests referred to in (g) above and the responses of the board thereto;

(i) a listing of all grants, loans or other forms of assistance given by the board. This listing shall indicate (1) the recipients of board assistance who are members of the board or its advisory committees, and (2) each recipient sponsoring organization having a member of the board or its advisory committees as a director, officer or employee. The indication required in clause (2) shall also specify the name of the member who is the officer, director or employee ;

(j) a summary of the local arts development program established pursuant to section 22, including a description of the membership, activities, and criteria and guidelines of each of the 13 regional arts task

forces and a statement describing progress in achieving the purposes of the program;

(k) a summary of grants made to major arts organizations for general operating support under section 23 and a statement describing progress in achieving the purposes of the program of state grants for general operating support .

Sec. 19. Minnesota Statutes, 1975 Supplement, Section 139.10, Subdivision 1, is amended to read:

139.10 [DUTIES.] Subdivision 1. The board shall through the following activities stimulate and encourage the creation, performance and appreciation of the arts in the state:

(a) receive and consider any requests for grants, loans or other forms of assistance;

(b) advise and serve as a technical resource at the request of sponsoring organizations and political subdivisions in the state on programs relating to the arts;

(c) advise and recommend on existing or proposed activities of the departments of the state relating to the arts;

(d) accept gifts and grants to the board and distribute the same in accordance with the instructions of the donor insofar as the instructions are consistent with law;

(e) promulgate by rule procedures *consistent with this chapter* to be followed by the board in receiving and reviewing requests for grants, loans or other forms of assistance;

(f) promulgate by rule standards consistent with this chapter to be followed by the board in the distribution of grants, loans and other forms of assistance;

(g) distribute according to the above procedures and standards grants, loans and other forms of assistance for artistic activities to departments and agencies of the state, political subdivisions, sponsoring organizations and, in appropriate cases, to individuals engaged in the creation or performance of the arts; provided that a member of the board shall not participate in deliberations or voting on assistance to groups or persons in which that member has an interest as officer, director, employee or recipient;

(h) appoint advisory committees which the board determines are essential to the performance of its powers and duties under this section; provided that no member of an advisory committee shall within two years prior to his appointment have received or applied for in his own name a grant, loan or other form of assistance from the board or its predecessor ;

(i) establish a comprehensive statewide system of information and publicity about the arts and artistic activities;

(j) administer a program of state grants for the payment of touring costs for professional touring, provided that grants for touring made with funds from the local arts development program shall be made according to the provisions of section 22;

(k) administer a program of state grants for general operating support to major arts organizations, in accordance with this section and section 23;

(l) administer the program of local arts development established by section 22.

Sec. 20. Minnesota Statutes, 1975 Supplement, Section 139.10, Subdivision 2, is amended to read:

Subd. 2. In performing the duties under subdivision 1, the board shall insofar as reasonably possible *in accordance with the provisions of chapter 139 and other applicable law* :

(a) avoid any actions which infringe on the freedom of artistic expression or which interfere with programs in the state which relate to the arts but which do not involve board assistance;

(b) distribute board assistance equitably according to population throughout the geographical regions of the state;

(c) give special consideration to requests for assistance for the creation or performance of types or variations of the arts which have yet to receive the level of general support and assistance given to the more established types or variations of the arts;

(d) distribute annually to individuals engaged in the creation or performance of the arts at least five percent of the moneys from the state's general fund appropriated to the board for each fiscal year.

Sec. 21. Minnesota Statutes, 1975 Supplement, Section 139.10, is amended by adding a subdivision to read:

Subd. 3. Every publication, program or other graphic material prepared by the board or prepared for use by any other organization in connection with an activity funded in whole or part by the board shall bear the legend: This activity is made possible in part by a grant provided by the Minnesota state legislature and the Congress of the United States.

Sec. 22. Minnesota Statutes 1974, Chapter 139, is amended by adding a section to read:

[139.11] [LOCAL ARTS DEVELOPMENT PROGRAM.] *Subdivision 1. It is the purpose of the local arts development program to assist and encourage the arts and artistic expression within the various regions of the state and to improve and expand the opportunity to enjoy and participate in the arts in smaller cities and towns and in rural areas within each region.*

Subd. 2. Except as may be provided in accordance with subdivision 6, the regional development commissions established pursuant to section 462.387 and the metropolitan council established pursuant to section 473.123, in consultation with the board, shall create 13 regional arts task forces within regions designated pursuant to section 462.385 and the metropolitan area defined in section 473.121. Each task force shall be composed of no less than nine members, distributed so as to ensure equitable representation from all parts of the region or metropolitan area, including smaller cities and towns and rural areas. The

membership of each task force shall include majority representation from the major art disciplines and shall also include local elected officials, provided that no organization shall be permitted more than one representative on the task force. At least one member of each task force shall be a member of the regional development commission or metropolitan council serving that region. Trustees or employees of major arts organizations receiving state grants from the board for general operating support shall not be eligible for membership on any task force.

Subd. 3. The regional arts task forces shall advise and assist the board and the regional development commissions or metropolitan council on the design, development, implementation, and evaluation of the local arts development program. Each task force shall meet at least bi-monthly and shall review and make recommendations to the board on applications for grants under the program. Each task force, in consultation with the board and the regional development commission or metropolitan council, shall develop guidelines and criteria for funding projects, programs and organizations of artistic merit within the regions and shall submit the guidelines and criteria to the board and the regional development commission or metropolitan council for review and approval. Guidelines and criteria shall promote local arts development in all parts of the region or metropolitan area and shall ensure an equitable distribution of benefits to smaller cities and towns and rural areas. Guidelines and criteria may permit grants to organizations for general operating support, provided that a demonstration of operating efficiency and continuing increases in earned income and revenues derived from private contributions shall be required of applicants as a condition to receiving any such grant and provided further that no recipient of state grants for general operating support under any other program administered by the board shall be eligible for such grants under the local arts development program. At the end of each fiscal year, the board and each regional development commission and the metropolitan council shall review and assess the adherence of each task force to its guidelines and criteria. The board or the regional development commission or metropolitan council may require modifications in the guidelines and criteria.

Subd. 4. Applications for grants under the local arts development program shall be made to the board, which shall forward copies of each application to the appropriate regional arts task force. The task force shall review each application on the basis of the criteria and guidelines established pursuant to subdivision 3 and shall recommend to the board whether the application should be granted. The recommendations of a task force whose guidelines and criteria are approved by the board pursuant to subdivision 3 shall be binding on the board, provided that grants made under the program shall be distributed by the board according to the populations of the respective regions.

Sec. 23. Minnesota Statutes 1974, Chapter 139, is amended by adding a section to read:

[139.12] [MAJOR ARTS ORGANIZATIONS; GENERAL OPERATING SUPPORT.] Subdivision 1. It is the purpose of the program of state grants for general operating support to assist the major arts organizations in the state, to ensure a broader and more equitable dis-

tribution of benefits from such organizations to all areas of the state, and to promote activities by major arts organizations to bring their services to nonmetropolitan areas.

Subd. 2. The board shall establish guidelines for the distribution of grants under this section. The guidelines shall include standards and criteria to ensure that recipients of grants provide public and educational services on a statewide or regional basis and are responsive to the needs of nonmetropolitan areas of the state.

Subd. 3. A demonstration of operating efficiency shall be required of applicants by the board as a condition of receiving any grant under this section. The receipt of state funds shall not result in a decrease in private support.

Subd. 4. Recipients of grants under this section shall be subject to the provisions of Minnesota Statutes, Section 471.705.

Subd. 5. Grant moneys received under this act shall not be used for any capital expenditures or acquisition of real property.

Subd. 6. Notwithstanding the foregoing provisions for the establishment of regional arts task forces, in any or all of development regions 6E, 6W, or 8, the regional development commission may by resolution request that the Southwest Minnesota Arts and Humanities Council Incorporated perform all of the functions and duties of a regional arts task force within the development region or regions in lieu of establishment of a task force for that region or regions. If a regional development commission or commissions shall so resolve, the council may perform all of the functions and duties of a regional arts task force within the development region or regions in lieu of establishment of a task force for that region or regions pursuant to Laws 1976, Chapter 3, Section 5, Subdivision 4; provided that nothing contained herein shall be construed to affect or impair authority of the council to accept or disburse other funds which may become available.

Sec. 24. [APPROPRIATION.] *Subdivision 1. There is appropriated to the state arts board from the general fund in the state treasury the sum of \$2,800,000.*

Subd. 2. Of the sum appropriated in subdivision 1, \$1,300,000 shall be administered by the board for grants for the purpose and in accordance with the provisions of the local arts development program established by section 22, except that no more than \$300,000 shall be available for grants within the metropolitan area defined in Minnesota Statutes, Section 473.121, and a sum not to exceed \$10,000 may be expended by each of the regional arts task forces for the purpose of assessing the needs and existing resources of the region and developing guidelines and criteria for funding projects, programs and organizations within the region.

Subd. 3. Of the remainder of the sum appropriated in subdivision 1, not less than \$1,000,000 nor more than \$1,300,000 shall be distributed by the board to major arts organizations for general operating support in accordance with the provisions of Minnesota Statutes, Section 139.10, and section 23.

Subd. 4. Not more than \$75,000 of the sum appropriated shall be

available to the board for administration, provided however that none of these funds shall be used for salary expenditures of any arts task force or regional development commission.

Subd. 5. The appropriation in this section shall be effective July 1, 1976 and be available for the fiscal year ending June 30, 1977."

Renumber the sections in sequence

Page 27, line 28, before "*This*" insert "*Sections 1 to 17 of*"

Page 27, line 30, strike the comma and insert a period, and strike the rest of the line

Page 27, strike line 31 and insert:

"Sec. 27. This act shall be effective on the day following final enactment."

Amend the title by striking it in its entirety and inserting:

"A bill for an act relating to cultural and recreational activities; changing the metropolitan parks and open space commission to the metropolitan parks, arts and recreation commission and prescribing its powers and duties; authorizing the metropolitan council to issue bonds and levy taxes therefor; authorizing the council to impose an admissions tax; authorizing the council to impose a tax on the sale of on-sale liquor in the metropolitan area; requiring the completion of an environmental impact statement and pollution control agency permits prior to construction of a new sports facility; establishing a panel to select a site; authorizing a liquor license for the commission; requiring a certificate of need for regional recreational facilities; providing for the distribution of moneys to cultural and artistic organizations; appropriating money; amending Minnesota Statutes 1974, Chapters 139, by adding sections; 473, by adding sections; Minnesota Statutes, 1975 Supplement, Sections 139.08, Subdivision 5; 139.10, Subdivisions 1 and 2 and by adding a subdivision; 473.121, Subdivisions 7 and 14; 473.147; 473.301; 473.302; and 473.303, Subdivision 1; repealing Minnesota Statutes 1974, Section 340.11, Subdivision 11a."

And when so amended the bill be referred to the Senate without recommendation. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S. F. No. 2096 was read the second time.

RECESS

Mr. Coleman moved that the Senate do now recess until 2:45 o'clock p.m. The motion prevailed.

The hour of 2:45 o'clock p.m. having arrived, the President called the Senate to order.

MEMBERS EXCUSED

Pursuant to Rule 21, Mr. Perpich, A. J., moved that the following members be excused for a Conference Committee on S. F. No. 1615:

Messrs. Willet, Milton and Perpich, A. J. The motion prevailed.

Pursuant to Rule 21, Mr. Chenoweth moved that the following members be excused for a Conference Committee on S. F. No. 2014:

Messrs. Ogdahl, Stokowski and Chenoweth. The motion prevailed.

Pursuant to Rule 21, Mr. Arnold moved that the following members be excused for a Conference Committee on S. F. No. 2581:

Messrs. Arnold, Anderson, Davies, Josefson and Fitzsimons. The motion prevailed.

Pursuant to Rule 21, Mr. Tennesen moved that the following members be excused for a Conference Committee on S. F. No. 2208:

Messrs. Doty, Sillers and Tennesen. The motion prevailed.

APPOINTMENTS

Mr. Davies, from the Committee on Committees, recommends that the following named Senators be and they hereby are appointed as a Conference Committee on:

H. F. No. 1940, pursuant to the request of the House:

Messrs. Keefe, S.; Hughes and Mrs. Brataas.

H. F. No. 2019, pursuant to the request of the House:

Messrs. Schaaf, Anderson and Keefe, J.

H. F. No. 2657, pursuant to the request of the House:

Messrs. Moe, Merriam and Frederick.

S. F. No. 1644, pursuant to the request of the Senate:

Messrs. Chenoweth, Moe and Knutson.

S. F. No. 855, pursuant to the request of the Senate:

Messrs. Chenoweth, Humphrey and Stassen.

H. F. No. 2233, pursuant to the request of the House:

Messrs. Olhoft, Chmielewski and Renneke.

Mr. Davies moved that the foregoing appointments be approved. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2203, and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 2203: A bill for an act relating to medical assistance

for the needy; establishing guidelines for reimbursement of medical services furnished by nursing homes; prescribing certain responsibilities for the department of public welfare.

House File No. 2203 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1976

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2203

A bill for an act relating to medical assistance for the needy; establishing guidelines for reimbursement of medical services furnished by nursing homes; prescribing certain responsibilities for the department of public welfare.

April 1, 1976

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

The Honorable Alec G. Olson
President of the Senate

We, the undersigned conferees for H. F. No. 2203 report that we have agreed upon the items in dispute and recommend that H. F. No. 2203 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. [256B.41] [POLICY; INTENT.] Subdivision 1. The state agency shall by rule establish a formula for establishing payment rates for nursing homes which qualify as vendors of medical assistance.

Subd. 2. It is the intent of the legislature to establish certain limitations on the state agency in setting standards for nursing home rate setting for the care of recipients of medical assistance pursuant to Minnesota Statutes, Chapter 256B. It is not the intent of the legislature to repeal or change any existing or future rule promulgated by the state agency relating to the setting of rates for nursing homes unless the rule is clearly in conflict with sections 1 to 8 of this act. If any provision of sections 1 through 8 of this act is determined by the United States government to be in conflict with existing or future requirements of the United States government with respect to federal participation in medical assistance, the federal requirements shall prevail.

Sec. 2. [256B.42] [DEFINITIONS.] Subdivision 1. For the purpose of this act the following terms and phrases shall have the meaning given to them.

Subd. 2. "Facility" means the building in which a nursing home is located and all permanent fixtures attached to it. "Facility" does not include the land or any supplies and equipment which are not fixtures.

Subd. 3. "Original value" means the value of the facility established pursuant to section 3, subdivisions 1 and 2.

Subd. 4. "Purchase" means the acquisition of a nursing home by a new owner or the construction of a new nursing home.

Subd. 5. "Net asset value" means the total of the original value of the facility less accumulated depreciation on it and the value of the land.

Subd. 6. "Net debt" means the total of capital indebtedness and loans used for operating expenses.

Sec. 3. [256B.43] [FIXED ASSETS; DEPRECIATION.] Subdivision 1. The state agency shall by rule establish a depreciation allowance for nursing homes purchased on or after January 1, 1977. The depreciation allowance shall be based on the lesser of the purchase price or the appraised value of the facility at the time of the purchase. After the purchase of a nursing home, the purchaser of the nursing home or the state agency may request an appraisal of the facility pursuant to the provisions of subdivision 3. The value of the facility determined pursuant to this subdivision shall be the original value and shall be the basis for depreciation.

Subd. 2. If any nursing home expands its facility or makes any other capital expenditures which increases the value of the facility subsequent to January 1, 1977, the cost of the expansion or capital expenditure shall be added to the original value, and the total shall become the new original value and basis for depreciation. If the state agency disputes the cost attributed to the expansion or capital expenditure, it may request an appraisal pursuant to subdivision 3.

Subd. 3. The state agency shall establish a list of not more than 25 appraisers who have experience in appraising nursing homes. In the event that an appraisal is requested pursuant to this section, or section 5, the state agency and the owner of the nursing home shall select an appraiser from the list in accordance with procedures established by the state agency by rule. The appraisal shall be based on the depreciated replacement cost of the facility. The cost of the appraisal shall be paid by the party requesting it. The cost of an appraisal requested by a nursing home shall not be reimbursed by the state agency.

Subd. 4. Depreciation on any new construction or expansion of facilities commenced on or after January 1, 1977, other than governmentally owned facilities, shall be on a basis of not less than 30 years.

Sec. 4. [256B.44] [INTEREST EXPENSE.] Subdivision 1. Except as provided in subdivision 2, the state agency shall recognize interest expense as an allowable cost for any nonproprietary or governmentally owned nursing home if the interest rate is not in excess of what a borrower would have had to pay in an arms-length transaction in the money market at the time the loan was made, and the net debt is directly related to purchasing or improving the nursing home or providing patient care at the nursing home. Except as provided in subdivision 3, the state agency shall not recognize interest expense as an allowable cost for any proprietary nursing home.

Subd. 2. After the first three years that a nonproprietary or governmentally owned nursing home has been owned by its current owners, the state agency shall not recognize as an allowable cost the expense of

interest on net debt for any indebtedness and loans which exceed 100 percent of the net asset value of the facility.

Subd. 3. A proprietary nursing home which pays interest on capital indebtedness at an interest rate in excess of nine percent may be reimbursed for one half of its interest expenses in excess of the nine percent up to 12 percent if (1) the proceeds of the indebtedness are used for the purchase or operation of the nursing home and (2) the interest rate is not in excess of what a borrower would have had to pay in an arms-length transaction at the time the loan was made.

Sec. 5. [256B.45] [INVESTMENT ALLOWANCE.] Subdivision 1. The state agency shall by rule establish an investment allowance for nursing homes. For the fiscal year beginning July 1, 1977, the allowance for proprietary homes shall be nine percent of the original value of the facility for depreciation purposes. For the fiscal year beginning July 1, 1977, the allowance for nonproprietary homes shall be two percent of the original value of the facility for depreciation purposes. Beginning in 1977 the state agency shall, no later than May 1 of each year, conduct a public hearing pursuant to the rule making provisions of chapter 15 to determine the percentages to be used in the following fiscal year. There shall be no other cost of capital or profit allowance for proprietary homes.

Subd. 2. The owner of a nursing home or the state agency may request a new appraisal of the facility not more often than every seven years. If a new appraisal is made, the new appraised value less depreciation, computed on the basis of the value established pursuant to this subdivision, shall become the new basis for that nursing home's investment allowance. The appraiser shall be selected and the appraisal undertaken in accordance with the provisions of section 3, subdivision 3. The basis for depreciation shall continue to be the original value of the facility established pursuant to section 3.

Subd. 3. The seven year period used for the purposes of subdivision 2 shall commence with the date of purchase. The state agency or the owner of any nursing home purchased before January 1, 1977, may request an appraisal on July 1, 1977 or seven years after the date of purchase, whichever occurs later in time.

Subd. 4. If a nursing home is operated on a lease basis, the state agency shall not recognize as an allowable cost any rental fee in excess of the total amount it would pay to the owner of the facility as interest, investment allowance and depreciation allowance.

Sec. 6. [256B.46] [INCENTIVE ALLOWANCE.] In the event that the United States government disallows the investment allowance provided for in section 5 for nonproprietary homes, the state agency shall by rule establish an incentive allowance for nonproprietary nursing homes consistent with federal requirements. The incentive allowance shall include incentives to reward efficient management and quality care. The incentive allowance may also be graduated so that it increases with (1) the length of time that a nursing home is owned by the same owner and

(2) the owner's net investment as a percentage of the net asset value of the facility. The rule shall provide that if a nonproprietary nursing home is operated on a lease basis, the state agency shall not recognize as an allowable cost for the operator any rental fee in excess of the total amount it would pay for depreciation and pursuant to this section.

Sec. 7. [256B.47] [RATE LIMITS.] Subdivision 1. The state agency shall by rule establish separate overall limitations on the costs for items which directly relate to the provision of patient care to residents of nursing homes and those which do not directly relate to the provision of care. The state agency may also by rule, establish limitations for specific cost categories. All costs determined otherwise allowable shall be subject to these limitations. The categorical limits on patient care related items may be hourly limits based on the needs of the residents of the nursing home up to maximum limits established by the state agency.

Subd. 2. The following costs shall not be recognized as allowable: (1) political contributions; (2) salaries or expenses of a lobbyist, as defined in section 10A.01, subdivision 11, for lobbying activities; (3) advertising designed to encourage potential residents to select a particular nursing home; (4) assessments levied by the health department for uncorrected violations; (5) legal fees for unsuccessful challenges to decisions by state agencies; and (6) dues paid to a nursing home or hospital association. The state agency shall by rule exclude the costs of any other items which it determines are not directly related to the provision of patient care.

Subd. 3. On or before January 1, 1977 the state agency shall by rule establish a procedure affording notice of the approved rate for medical assistance recipients to nursing homes within 120 days after the close of the fiscal year of the nursing home.

Sec. 8. [256B.48] [CONDITIONS FOR PARTICIPATION.] Subdivision 1. No nursing home shall be eligible to receive medical assistance payments unless it agrees in writing that it will refrain from:

(a) Charging nonmedical assistance residents rates for similar services which exceed by more than ten percent those rates which are approved by the state agency for medical assistance recipients; effective July 1, 1978, no nursing home shall be eligible for medical assistance if it charges nonmedical assistance recipients rates for similar services which exceed those which are approved by the state agency for medical assistance recipients; provided, however, that the nursing home may (1) charge nonmedical assistance 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 patients are charged separately at the same rate for the same services in addition to the daily rate paid by the state agency;

(b) Requiring an applicant for admission to the home, or the guardian or conservator of the applicant, as a condition of ad-

mission, to pay an admission fee in excess of \$100, loan any money to the nursing home, or promise to leave all or part of the applicant's estate to the home; and

(c) Requiring any resident of the nursing home to utilize a vendor of health care services who is a licensed physician or pharmacist chosen by the nursing home.

The prohibitions set forth in clause (b) shall not apply to a nonproprietary retirement home which contains an identifiable unit of fewer than 20 percent of the total number of facility beds to provide nursing care to the residents of the home.

Subd. 2. Effective July 1, 1976, no nursing home shall be eligible to receive medical assistance payments unless it agrees in writing to:

(a) Provide the state agency with its most recent (1) balance sheet and statement of revenues and expenses as audited by a certified public accountant licensed by this state or by a public accountant as defined in section 412.222; (2) statement of ownership for the nursing home; and (3) a separate audited balance sheet and statement of revenues and expenses for each nursing home if more than one nursing home or other business operation is owned by the same owner; a governmentally owned nursing home may comply with the auditing requirements of this clause by submitting an audit report prepared by the state auditor's office;

(b) Provide the state agency with copies of leases, purchase agreements and other related documents related to the lease or purchase of the nursing home; and

(c) Provide to the state agency upon request copies of leases, purchase agreements, or similar documents for the purchase or acquisition of equipment, goods and services which are claimed as allowable costs.

Subd. 3. The state agency may reject any annual cost report filed by a nursing home pursuant to this chapter if it determines that the report or the information required in subdivision 2, clause (a) has been filed in a form that is incomplete or inaccurate. In the event that a report is rejected pursuant to this subdivision, the state agency may make payments to a nursing home at the rate determined for its prior fiscal year, or at an interim rate established by the state agency, until the information is completely and accurately filed.

Sec. 9. [EFFECTIVE DATE.] Except as otherwise provided, this act shall be effective for cost reports filed after December 31, 1976."

Further amend the title by striking it in its entirety and inserting:

"A bill for an act relating to medical assistance for the needy; establishing guidelines for allowed costs of services furnished

by nursing homes; prescribing certain responsibilities for the commissioner of public welfare."

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

House Conferees: (Signed) Paul Petrafeso, Donald Samuelson, James Swanson

Senate Conferees: (Signed) John Milton, William Kirchner, Allan H. Spear

Mr. Milton moved that the foregoing recommendations and Conference Committee Report on H. F. No. 2203 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 2203: A bill for an act relating to medical assistance for the needy; establishing guidelines for allowed costs of services furnished by nursing homes; prescribing certain responsibilities for the commissioner of public welfare.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 44 and nays 16, as follows:

Those who voted in the affirmative were:

Anderson	Davies	Keefe, S.	Moe	Solon
Arnold	Doty	Kirchner	North	Spear
Bernhagen	Dunn	Kleinbaum	Ogdahl	Stassen
Borden	Gearty	Kowalczyk	Olson, A. G.	Stokowski
Brataas	Hansen, Mel	Laufenburger	Olson, J. L.	Stumpf
Brown	Hughes	Lewis	Perpich, A. J.	Tennessee
Chenoweth	Humphrey	McCutcheon	Pillsbury	Ueland
Coleman	Josefson	Merriam	Schaaf	Willet
Conzemius	Keefe, J.	Milton	Sillers	

Those who voted in the negative were:

Ashbach	Frederick	Jensen	Nelson	Patton
Bang	Hansen, Baldy	Knutson	Olson, H. D.	Schmitz
Berg	Hanson, R.	Larson	O'Neill	Schrom
Blatz				

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MEMBERS EXCUSED

Pursuant to Rule 21, Mr. Olhoft moved that the following members be excused for a Conference Committee on H. F. No. 2233:

Messrs. Olhoft, Chmielewski and Renneke. The motion prevailed.

Mr. Patton was excused from the Session of today at 4:30 o'clock p.m.

APPOINTMENTS

Mr. Davies, from the Committee on Committees, recommends that the following named Senators be and they hereby are appointed as a Conference Committee on:

S. F. No. 1963, pursuant to the request of the Senate:

Messrs. Arnold, Blatz and Merriam.

Mr. Davies moved that the foregoing appointments be approved. The motion prevailed.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2204, and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 2204: A bill for an act relating to collection and dissemination of data; providing definitions; requiring a public document on data collection; authorizing audits of data collection practices and policies; providing for emergency classification in certain situations; amending Minnesota Statutes 1974, Section 15.17, Subdivision 4; and Minnesota Statutes, 1975 Supplement, Sections 15.162, Subdivisions 2a, 4, 5a and 8; 15.163, Subdivisions 1 and 2.

House File No. 2204 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1976

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2204

A bill for an act relating to collection and dissemination of data; providing definitions; requiring a public document on data collection; authorizing audits of data collection practices and policies; providing for emergency classification in certain situations; amending Minnesota Statutes 1974, Section 15.17, Subdivision 4; and Minnesota Statutes, 1975 Supplement, Sections 15.162, Subdivisions 2a, 4, 5a and 8; 15.163, Subdivisions 1 and 2.

March 31, 1976

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

The Honorable Alec G. Olson
President of the Senate

We, the undersigned conferees for H. F. No. 2204 report that we have agreed upon the items in dispute and recommend as follows:

That H. F. No. 2204 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1974, Section 15.162, is amended by adding a subdivision to read:

Subd. 1a. "Arrest information" shall include (a) the name, age, and address of an arrested individual; (b) the nature of the charge against the arrested individual; (c) the time and place of the arrest; (d) the identity of the arresting agency; (e) information as to whether an individual has been incarcerated and the place of incarceration. "Arrest information" does not include data specifically made private, confidential or nonpublic pursuant to section 260.161 or any other statute.

Sec. 2. Minnesota Statutes, 1975 Supplement, Section 15.162, Subdivision 2a, is amended to read:

Subd. 2a. "Confidential data on individuals" means data which is : (a) made not public but is ~~(a) expressly made confidential by law as by statute or federal law applicable to the data and is inaccessible~~ to the individual subject of that data; or (b) collected by a civil or criminal investigative agency as part of an active investigation undertaken for the purpose of the commencement of a legal action, provided that the burden of proof as to whether such investigation is active or in anticipation of a legal action is upon the agency; ~~(c) data which supplies the basis for the diagnosis of the medical or psychiatric condition of an individual as determined by a licensed physician~~. Confidential data on individuals does not include arrest information that is reasonably contemporaneous with an arrest or incarceration. The provision of clause (b) in this subdivision shall terminate and cease to have force and effect with regard to the state agencies, political subdivisions, statewide systems, covered by the ruling, upon the granting or refusal to grant an emergency classification pursuant to section 15.1642 of both criminal and civil investigative data, or on June 30, 1977, whichever occurs first .

Sec. 3. Minnesota Statutes, 1975 Supplement, Section 15.162, Subdivision 5, is amended to read:

Subd. 5. "Political subdivision" includes counties, municipalities, school districts and any boards, commissions, districts or authorities created pursuant to local ordinance. It includes any nonprofit corporation which is a community action agency organized to qualify for public funds, or any nonprofit social service agency which performs services under contract to any political subdivision, statewide system or state agency , to the extent that the nonprofit social service agency or nonprofit corporation collects, stores, disseminates, and uses data on individuals because of contractual relationship with state agencies, political subdivisions or statewide systems .

Sec. 4. Minnesota Statutes, 1975 Supplement, Section 15.162, Subdivision 5a, is amended to read:

Subd. 5a. "Private data on individuals" means data which is made by statute or federal law applicable to the data: (a) not public but which by law ; and (b) is accessible to the individual subject of that data. Private data on individuals does not include arrest information that is reasonably contemporaneous with an arrest or incarceration.

Sec. 5. Minnesota Statutes, 1975 Supplement, Section 15.162, Subdivision 8, is amended to read:

Subd. 8. "Statewide system" includes any record-keeping system in which data on individuals is collected, stored, disseminated and used by means of a system common to one or more *state* agencies of the state or more than one of its political subdivisions or any combination of state agencies and political subdivisions.

Sec. 6. Minnesota Statutes, 1975 Supplement, Section 15.163, Subdivision 1, is amended to read:

15.163 [REPORTS TO THE LEGISLATURE.] Subdivision 1. On or before August 1 of each year, 1976, the responsible authority shall document and file a report with the commissioner of administration, which shall be a public record. The report shall contain the following information:

(a) The title, name, and address, of the responsible authority.

(b) A statement of which records containing data on individuals maintained by the responsible authority are classified as confidential and which are classified as private. The responsible authority shall submit sample copies of any forms which will, when executed, contain data on individuals classified as private or confidential.

(c) The purposes for which private or confidential data on individuals is authorized to be used, collected, disseminated and stored.

(d) The responsible authority's policies and practices regarding storage, duration of retention, and disposal of data on individuals, including a description of the provisions for maintaining the integrity of private and confidential data on individuals. Prepare a public document containing his name, title and address, and a description of each category of record, file, or process relating to private or confidential data on individuals maintained by his state agency, statewide system, or political subdivision. Forms used to collect private and confidential data shall be included in the public document. Beginning August 1, 1977 and annually thereafter, the responsible authority shall update the public document and make any changes necessary to keep it accurate.

Sec. 7. Minnesota Statutes, 1975 Supplement, Section 15.163, Subdivision 2, is amended to read:

Subd. 2. On or before December 1 of each year, The commissioner shall prepare a report to the legislature summarizing the information filed by may require responsible authorities pursuant to subdivision 1 and notifying the legislature of any problems relating to the administration, implementation and enforcement of sections 15.162 to 15.168 which might, in his opinion, require legislative action to submit copies of the public document required in subdivision 1, and may request additional information relevant to data collection practices, policies and procedures.

Sec. 8. Minnesota Statutes 1974, Chapter 15, is amended by adding a section to read:

[15.1642] [EMERGENCY CLASSIFICATION.] *Subdivision 1. [APPLICATION.] The responsible authority of a state agency, political subdivision or statewide system may apply to the commissioner for permission to classify data or types of data under section 15.162, subdivision 2a or 5a, for its own use and for the use of other similar agencies, subdivisions or systems on an emergency basis until a proposed statute can be acted upon by the legislature. The application for emergency classification is public data.*

Subd. 2. [CONTENTS OF APPLICATION.] An application for emergency classification shall include and the applicant shall have the burden of clearly establishing at least the following information:

(a) That no statute currently exists which either allows or forbids classification under section 15.162, subdivision 2a or 5a;

(b) That the data on individuals has been treated as either private or confidential by custom of long standing which has been recognized by other similar state agencies or other similar political subdivisions, if any, and by the public;

(c) That a compelling need exists for immediate emergency classification, which if not granted could adversely affect the public interest or the health, safety, wellbeing or reputation of the data subject.

If the commissioner grants the emergency classification, it shall be submitted with the complete record relating to the application to the attorney general, who shall review the classification as to form and legality. The attorney general shall, within 20 days, either approve or disapprove the classification.

Subd. 3. [EXPIRATION OF EMERGENCY CLASSIFICATION.] All emergency classifications granted under this section and still in effect shall expire on June 30, 1977. No emergency classifications shall be granted after June 30, 1977.

Sec. 9. Section 8 of this act shall be effective the day following its final enactment. Sections 1 to 7 of this act shall be effective June 1, 1976."

Further, strike the title and insert:

"A bill for an act relating to collection and dissemination of data; providing definitions; requiring a public document on data collection; authorizing audits of data collection practices and policies; providing for emergency classification in certain situations; amending Minnesota Statutes 1974, Chapter 15, by adding a section; and Minnesota Statutes, 1975 Supplement, Sections 15.162, Subdivisions 2a, 5, 5a and 8, and by adding a subdivision; 15.163, Subdivisions 1 and 2."

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

House Conferees: (Signed) John C. Lindstrom, John R. Arlandson, William D. Dean

Senate Conferees: (Signed) Robert J. Tennessen, Bill McCutcheon, John B. Keefe

Mr. Tennesen moved that the foregoing recommendations and Conference Committee Report on H. F. No. 2204 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 2204: A bill for an act relating to collection and dissemination of data; providing definitions; requiring a public document on data collection; authorizing audits of data collection practices and policies; providing for emergency classification in certain situations; amending Minnesota Statutes 1974, Chapter 15, by adding a section; and Minnesota Statutes, 1975 Supplement, Sections 15.162, Subdivisions 2a, 5, 5a and 8, and by adding a subdivision; 15.163, Subdivisions 1 and 2.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Olhoff	Schrom
Arnold	Gearty	Kowalczyk	Olson, H. D.	Sillers
Bang	Hansen, Baldy	Laufenburger	Olson, J. L.	Solon
Berg	Hansen, Mel	Lewis	O'Neill	Stassen
Bernhagen	Hanson, R.	McCutcheon	Patton	Stokowski
Brataas	Hughes	Merriam	Perpich, A. J.	Stumpf
Brown	Humphrey	Milton	Pillsbury	Tennesen
Conzemius	Keefe, J.	Moe	Renneke	Ueland
Doty	Keefe, S.	Nelson	Schaaf	Wegener
Dunn	Kirchner	Ogdahl	Schmitz	Willet

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2492, and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 2492: A bill for an act relating to environmental protection; limiting the sale and use of organic compounds known as polychlorinated biphenyls; permitting exemptions; requiring labels; defining terms; providing penalties.

House File No. 2492 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1976

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2492

A bill for an act relating to environmental protection; limiting the

sale and use of organic compounds known as polychlorinated biphenyls; permitting exemptions; requiring labels; defining terms; providing penalties.

April 2, 1976

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

The Honorable Alec G. Olson
President of the Senate

We, the undersigned conferees for H. F. No. 2492 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. 2492 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. [DEFINITIONS.] Subdivision 1. For the purposes of this section the following terms shall have the meanings given:

Subd. 2. "Agency" means the Minnesota pollution control agency.

Subd. 3. "Director" means the director of the pollution control agency.

Subd. 4. "PCB" means the class of organic compounds known as polychlorinated biphenyls and includes any of several compounds produced by replacing one or more hydrogen atoms on the biphenyl molecule with chlorine. PCB does not include chlorinated biphenyl compounds that have functional groups attached other than chlorine.

Subd. 5. "Person" has the meaning specified in Minnesota Statutes, Section 115.01, Subdivision 10.

Sec. 2. [PROHIBITED USE OF PCB.] Subdivision 1. [CERTIFICATE OF EXEMPTION.] *Beginning January 1, 1978, no person shall use, possess, sell, purchase or manufacture PCB or any product containing PCB unless the use, possession, sale, purchase or manufacture of PCB or products containing PCB is exempted by the agency. If the agency finds after there is opportunity for a public hearing on an application presented by any person, that no substitutes or feasible alternatives are reasonably available for PCB or a product containing PCB or class of products containing PCB, it shall grant a certificate of exemption which shall clearly set out the permitted use, possession, sale or purchase of PCB or a PCB product containing PCB. If the agency grants a certificate of exemption, it shall be valid for all subsequent uses of PCB or products containing PCB if the subsequent uses are consistent with the terms and conditions of the certificate of exemption. In granting certificates of exemption the agency shall at all times consider the public health and safety threatened by the use of PCB. In the consideration of certificates of exemption for the use or replacement of existing electrical transformers and capacitors the agency shall review, but not be limited to, considerations of the safety of proven alternatives, replacement costs and rules controlling the final disposal of PCB.*

Subd. 2. [EXCLUSION.] *In no event shall the certificate of exemption requirement or the labeling requirement of this section apply to any individual person who purchases or otherwise acquires a product containing PCB intended for consumer use in the home, provided that the use has previously been exempted by the agency and that the use is consistent with the terms and conditions of the certificate of exemption. Wastepaper, pulp, or other wood fiber materials purchased for use within this state in the manufacture of recycled paper products are exempt from the requirements of this section.*

Subd. 3. [LABELS REQUIRED.] *Beginning July 1, 1977, no person in this state shall add PCB in the manufacture of any new item, product or material, nor shall any person in this state sell any new item, product or material to which PCB has been added unless the PCB or products containing PCB are conspicuously labeled to disclose the presence of PCB and the concentrations of PCB.*

Subd. 4. [RULES.] *The agency shall promulgate rules by January 1, 1977, governing the granting of certificates of exemption and the requirements of labels specified in subdivision 3. The rules governing the requirement of labels specified in subdivision 3 may require other information relating to the public health and environmental effects of PCB and shall apply to persons holding certificates of exemption.*

Subd. 5. [PENALTIES.] *Violations of this act shall be subject to the provisions of Minnesota Statutes, Section 115.071.*

Sec. 3. *Minnesota Statutes 1974, Chapter 116D, is amended by adding a section to read:*

[116D.045] [COST OF PREPARATION OF ENVIRONMENTAL IMPACT STATEMENTS.] *Subdivision 1. The board shall, no later than January 1, 1977, by rule adopt procedures to assess the proposer of a specific action, when the proposer is a private person, for reasonable costs of preparing and distributing an environmental impact statement on that action required pursuant to section 116D.04. Such costs shall be determined by the responsible agency pursuant to the rules promulgated by the board in accordance with subdivision 5 and shall be assessed for projects for which an environmental impact statement preparation notice has been issued after February 15, 1977.*

Subd. 2. *In the event of a disagreement between the proposer of the action and the responsible agency over the cost of an environmental impact statement, the responsible agency shall consult with the board, which may modify the cost or determine that the cost assessed by the responsible agency is reasonable.*

Subd. 3. *The proposer shall pay the assessed cost to the board. All money received pursuant to this subdivision shall be deposited in the general fund.*

Subd. 4. *No agency or governmental subdivision shall commence with the preparation of an environmental impact statement until at least one half of the assessed cost of the environmental impact*

statement is paid pursuant to subdivision 3. Other laws notwithstanding, no state agency may issue any permits for the construction or operation of a project for which an environmental impact statement is prepared until the assessed cost for the environmental impact statement has been paid in full.

Subd. 5. For actions proposed by a private person there shall be no assessment for preparation and distribution of an environmental impact statement for an action which has a total value less than one million dollars. For actions which are greater than one million dollars but less than ten million dollars, the assessment to the proposer as determined by the agency shall not exceed .3 percent of the total value except that the total value shall not include the first one million dollars of value. For actions the value of which exceed ten million dollars but are less than 50 million dollars, an additional charge may be made to the proposer by the agency which will not exceed .2 percent of each one million dollars of value over ten million dollars. For actions which are greater than 50 million dollars in total value, an additional charge may be made to the proposer by the agency which will not exceed .1 percent of each one million dollars of value over 50 million dollars. The proposer shall pay the assessed cost to the board when a state agency is designated the responsible agency. All money received by the board pursuant to this subdivision shall be deposited in the general fund. The proposer shall pay the assessed cost to the designated lead agency when such agency is a local unit of government.

Sec. 4. This act is effective the day following final enactment."

Further, amend the title by striking it in its entirety and inserting:

"A bill for an act relating to environmental protection; limiting the sale and use of organic compounds known as polychlorinated biphenyls; permitting exemptions; requiring labels; providing penalties; providing for the assessment of the cost of preparing an environmental impact statement; amending Minnesota Statutes 1974, Chapter 116D, by adding a section."

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

House Conferees: (Signed) Willard M. Munger, Bruce F. Vento, Arne H. Carlson.

Senate Conferees: (Signed) George R. Conzemius, Winston W. Borden.

Mr. Conzemius moved that the foregoing recommendations and Conference Committee Report on H. F. No. 2492 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 2492 was then progressed.

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 2025 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2025

A bill for an act relating to nursing homes; requiring training for certain nursing assistants; providing a penalty.

March 30, 1976

The Honorable Alec G. Olson
President of the Senate

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

We, the undersigned conferees for S. F. No. 2025 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. 2025 be further amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. [144A.61] [NURSING ASSISTANT TRAINING.] Subdivision 1. [PURPOSE.] The purpose of this act is to improve the quality of care provided to patients of nursing homes by assuring that approved programs for the training of nursing assistants are established as necessary throughout the state.

Subd. 2. [NURSING ASSISTANTS.] For the purposes of this act "nursing assistant" means a nursing home employee, including a nurse's aide or an orderly, who is assigned by the director of nursing to provide or assist in the provision of direct patient care services under the supervision of a registered nurse. The board of nursing may, by rule, establish categories of nursing assistants who are not required to comply with the educational requirements of this act.

Subd. 3. [CURRICULA.] The commissioner of education shall develop curricula which may be used for nursing assistant training programs for employees of nursing homes. The curricula, as approved by the board of nursing, shall be utilized by all facilities, institutions, or programs offering nursing assistant training programs.

Subd. 4. [TECHNICAL ASSISTANCE.] The commissioner of education shall, upon request, provide necessary and appropriate technical assistance in the development of nursing assistant training programs.

Subd. 5. [APPROVAL OF CURRICULA.] The board of nursing shall review and approve curricula developed by the commissioner of education and any other educational authorities for nursing assistant training programs for employees of nursing homes.

Subd. 6. [TRAINING MANDATED.] Each nursing assistant hired to work in a nursing home on or after July 1, 1977, shall have successfully completed an approved nursing assistant training program or shall be enrolled in the first available approved training program which is scheduled to commence within 60 days of the date of the assistant's employment. Approved training programs shall be offered at the location most reasonably accessible to the enrollees in each class.

Subd. 7. [CORRECTION ORDERS.] Violation of this act by a

nursing home shall be grounds for the issuance of a correction order to the nursing home by the state board of health. The failure of the nursing home to correct the deficiency or deficiencies specified in the correction order shall result in the assessment of a fine in accordance with the schedule of fines promulgated by rule of the state board of health.

Subd. 8. [EMPLOYEES EXEMPTED.] Employees of nursing homes conducted in accordance with the teachings of the body known as the Church of Christ, Scientist, shall be exempt from the requirements of this act.

Sec. 2. [144A.611] [COST REIMBURSEMENT.] Subdivision 1. [NURSING HOMES.] The actual costs of tuition and reasonable expenses for that approved program deemed by the board of nursing to be minimally necessary to protect the health and welfare of nursing home residents, which are paid to nursing home assistants pursuant to subdivision 2 of this section, shall be a reimbursable expense for nursing homes under the provisions of Minnesota Statutes, Chapter 256B and the rules promulgated thereunder.

Subd. 2. [NURSING ASSISTANTS.] A nursing assistant who has completed an approved training program shall be reimbursed by the nursing home for his actual costs of tuition and reasonable expenses for the training program 90 days after the date of his employment, or upon completion of the approved training program, whichever is later.

Subd. 3. [RULES.] The commissioner of public welfare shall promulgate any rules necessary to implement the provisions of this section. The rules shall include, but not be limited to:

(a) Provisions designed to prevent reimbursement by the commissioner under this act to a nursing home or a nursing assistant for the assistant's training in more than one approved program;

(b) Provisions designed to prevent reimbursement by the commissioner under this act to more than one nursing home for the training of any individual nursing assistant; and

(c) Provisions permitting the reimbursement by the commissioner to nursing homes and nursing assistants for the re-training of a nursing assistant after an absence from the labor market of not less than five years.

Sec. 3. [EFFECTIVE DATE.] This bill shall be effective the day following final enactment."

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

Senate Conferees: (Signed) Nancy Brataas, Sam G. Solon, Howard A. Knutson, John Milton, Robert D. North

House Conferees: (Signed) Lyndon R. Carlson, James C. Swanson, Harold J. Dahl, Bruce Nelsen, James Pehler

Mrs. Brataas moved that the foregoing recommendations and Conference Committee Report on S. F. No. 2025 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 2025: A bill for an act relating to nursing homes; requiring training for certain nursing assistants; providing a penalty.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 37 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Ogdahl	Stokowski
Arnold	Hansen, Mel	Kowalczyk	Olhoft	Stumpf
Bang	Hanson, R.	Larson	Perpich, A. J.	Ueland
Blatz	Hughes	Lewis	Pillsbury	Wegener
Borden	Humphrey	McCutcheon	Schaaf	Willet
Brataas	Keefe, J.	Milton	Schmitz	
Conzemius	Keefe, S.	Moe	Sillers	
Doty	Kirchner	Nelson	Stassen	

Those who voted in the negative were:

Berg	Hansen, Baldy	Olson, H. D.	Renneke	Schrom
Chmielewski	Josefson	Olson, J. L.		

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MEMBERS EXCUSED

Pursuant to Rule 21, Mr. Keefe, S. moved that the following members be excused for a Conference Committee on H. F. No. 1940:

Mr. Keefe, S.; Mrs. Brataas and Mr. Hughes. The motion prevailed.

Pursuant to Rule 21, Mr. Moe moved that the following members be excused for a Conference Committee on H. F. No. 2657:

Messrs. Moe, Merriam and Frederick. The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 60 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 60

A bill for an act relating to insurance; providing for the establishment and administration of plans of health insurance to provide certain minimum benefits to all persons in the state; creating a comprehensive health care association; providing a dual option for health care for certain employees; regulating health maintenance organizations' coverage of dental services and conversion privileges; appropriating money;

amending Minnesota Statutes 1974, Section 62D.12, by adding a subdivision.

April 1, 1976

The Honorable Alec G. Olson
President of the Senate

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

We, the undersigned conferees for S. F. No. 60 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and S. F. No. 60 be amended as follows:

Strike everything after the enacting clause and insert:

"ARTICLE I

Section 1. [62E.01] [CITATION.] *Sections 1 to 17 of this article may be cited as the Minnesota comprehensive health insurance act of 1976.*

Sec. 2. [62E.02] [DEFINITIONS.] *Subdivision 1. For the purposes of sections 1 to 17 of this article, the terms and phrases defined in this section have the meanings given them.*

Subd. 2. "Employer" means any person, partnership, association, trust, estate or corporation, which employs ten or more individuals who are residents of this state.

Subd. 3. "Health maintenance organization" means a nonprofit corporation licensed and operated as provided in Minnesota Statutes, Chapter 62D.

Subd. 4. "Qualified plan" means those health benefit plans which have been certified by the commissioner as providing the minimum benefits required by section 6 of this article or the actuarial equivalent of those benefits.

Subd. 5. "Qualified medicare supplement plan" means those health benefit plans which have been certified by the commissioner as providing the minimum benefits required by section 7 of this article or the actuarial equivalent of those benefits.

Subd. 6. "Commissioner" means the commissioner of insurance.

Subd. 7. "Dependent" means a spouse or unmarried child under the age of 19 years, a dependent child who is a student under the age of 25 and financially dependent upon the parent, or a dependent child of any age who is disabled.

Subd. 8. "Employee" means any Minnesota resident who has entered into the employment of or works under contract or service or apprenticeship with any employer. "Employee" does not include a person who has been employed for less than 30 days by his present employer, nor one who is employed less than an average of 30 hours per week by his present employer.

Subd. 9. "Plan of health coverage" means any plan or combination of plans of coverage, including combinations of self insurance, individual accident and health insurance policies, group accident and health insurance policies, coverage under a nonprofit health service plan, or coverage under a health maintenance organization subscriber contract.

Subd. 10. "Insurer" means those companies operating pursuant to Minnesota Statutes, Chapters 62A or 62C and offering or selling policies or contracts of accident and health insurance. "Insurer" does not include health maintenance organizations.

Subd. 11. "Accident and health insurance policy" or "policy" means insurance or nonprofit health service plan contracts providing benefits for hospital, surgical and medical care. "Policy" does not include coverage which is (1) limited to disability or income protection coverage, (2) automobile medical payment coverage, (3) supplemental to liability insurance, (4) sold by fraternal and provides payments on a per diem, daily indemnity or non-expense incurred basis, or (5) credit accident and health insurance issued pursuant to Minnesota Statutes, Chapter 62B.

Subd. 12. "Health benefits" means benefits offered to employees on an indemnity or prepaid basis which pay the costs of or provide medical, surgical or hospital care.

Subd. 13. "Eligible person" means an individual who is a resident of Minnesota and meets the enrollment requirements of section 14 of this article.

Subd. 14. "Minnesota comprehensive health association" or "association" means the association created by section 10 of this article.

Subd. 15. "Medicare" means Part A and Part B of the United States Social Security Act, Title XVIII, as amended, 42 U.S.C. Sections 1394, et seq.

Subd. 16. "Medicare supplement plan" means any plan of insurance protection which provides benefits for the costs of medical, surgical or hospital care and which is marketed as providing benefits which complement or supplement the benefits provided by medicare.

Subd. 17. "State plan premium" means the premium determined pursuant to section 8 of this article.

Subd. 18. "Writing carrier" means the insurer or insurers and health maintenance organization or organizations selected by the association and approved by the commissioner to administer the comprehensive health insurance plan.

Subd. 19. "Fraternal beneficiary association" or "fraternal" means a corporation, society, order, or voluntary association without capital stock which sells health and accident insurance in accordance with Minnesota Statutes, Chapter 64A.

Subd. 20. "Comprehensive health insurance plan" or "state plan" means policies of insurance and contracts of health maintenance organization coverage offered by the association through the writing carrier.

Subd. 21. "Self insurer" means an employer who directly provides

a plan of health coverage to his employees and administers the plan of health coverage himself or through an insurer. "Self insurer" does not include an employer engaged in the business of providing health care services to the public who provides health care services directly to his employees at no charge to them.

Subd. 22. "Self insurance" means a plan of health coverage offered by a self insurer.

Sec. 3. [62E.03] [DUTIES OF THE EMPLOYER.] Subdivision 1. Each employer who provides or makes available to his employees a plan of health coverage shall make available to his employees employed in this state a plan or combination of plans which have been certified by the commissioner as a number two qualified plan. If the plan of health coverage does not meet the requirements of section 6 of this article for a number two qualified plan, the employer shall make available a supplemental plan of health benefits which, when combined with the existing plan of health benefits, constitutes a number two coverage plan. The plan or combinations of plans may be financed from funds contributed solely by the employer or solely by the employees or any combination thereof. The plans may consist of self insurance, health maintenance contracts, group policies or individual policies or any combination thereof.

Subd. 2. In the event that an employer fails to make available at least a number two qualified plan of health benefits to his employees employed in this state, none of the employer's costs for health benefits shall qualify as an income tax deduction pursuant to Minnesota Statutes, Section 290.09, Subdivision 2, Clause (a) (1). In the case of an employer who meets the requirements of Minnesota Statutes, Section 297A.25, Subdivision 1, Clause (p) if the employer fails to make available at least a number two qualified plan to his employees, the employer shall lose his status as an exempt organization under Minnesota Statutes, Section 297A.25, Subdivision 1, Clause (p).

Sec. 4. [62E.04] [DUTIES OF INSURER.] Subdivision 1. [INDIVIDUAL POLICIES.] For each type of qualified plan described in section 6 of this article, an insurer or fraternal issuing individual policies of accident and health insurance in this state, other than group conversion policies, shall develop and file with the commissioner an individual policy which meets the minimum standards of that type of qualified plan. An insurer or fraternal issuing individual policies of accident and health insurance in this state shall offer each type of qualified plan to each person who applies and is eligible for accident and health insurance from that insurer or fraternal.

Subd. 2. [MEDICARE SUPPLEMENT PLAN.] An insurer or fraternal issuing medicare supplement plans in this state shall develop and file with the commissioner a medicare supplement policy which meets the minimum standards of a qualified medicare supplement plan. An insurer or fraternal issuing medicare supplement plans in this state shall offer a qualified medicare supplement plan to each person who is eligible for coverage and who applies for a medicare supplement plan.

Subd. 3. [GROUP POLICIES.] For each type of qualified plan described in section 6 of this article, an insurer or fraternal issuing group policies of accident and health insurance in this state shall develop

and file with the commissioner a group policy which provides for each member of the group the minimum benefits required by that type of qualified plan. An insurer or fraternal issuing group policies of accident and health insurance in this state shall offer each type of qualified plan to each eligible applicant for group accident and health insurance.

Subd. 4. [MAJOR MEDICAL COVERAGE.] Each insurer and fraternal shall include coverage of major medical costs in every unqualified policy of accident and health insurance, unless the applicant for a new or renewal policy declines the coverage in writing. The coverage shall provide that when a covered individual incurs out-of-pocket expenses of \$5,000 or more within a calendar year for services covered in section 6, subdivision 1, benefits shall be payable, subject to any copayment authorized by the commissioner, up to a maximum life-time limit of \$250,000.

Subd. 5. [EFFECT OF NON-COMPLIANCE.] No policy of accident and health insurance may be issued or renewed in this state 180 days after the effective date of this section by an insurer or a fraternal which has not complied with the requirements of this section.

Subd. 6. [REINSURANCE ALLOWED.] An insurer or fraternal may fulfill its obligations under this section by issuing the required coverages in their own name and reinsuring the risk and administration of the coverages with the association in accordance with section 10, subdivision 7, clauses (e) and (f) of this article.

Subd. 7. [UNDERWRITING STANDARDS MAY APPLY.] Nothing in this section shall require an insurer or fraternal to offer or issue a policy to any person who does not meet the underwriting or membership requirements of the insurer or fraternal.

Sec. 5. [62E.05] [CERTIFICATION OF QUALIFIED PLANS.] Upon application by an insurer, fraternal, or employer for certification of a plan of health coverage as a qualified plan or a qualified medicare supplement plan for the purposes of sections 1 to 17 of this article, the commissioner shall make a determination within 90 days as to whether the plan is qualified. All plans of health coverage shall be labelled as "qualified" or "non-qualified" on the front of the policy or evidence of insurance. All qualified plans shall indicate whether they are number one, two, or three coverage plans.

Sec. 6. [62E.06] [MINIMUM BENEFITS OF QUALIFIED PLAN.] Subdivision 1. [NUMBER THREE PLAN.] A plan of health coverage shall be certified as a number three qualified plan if it otherwise meets the requirements established by Minnesota Statutes, Chapter 62A and Chapter 62C, and the other laws of this state, whether or not the policy is issued in Minnesota, and meets or exceeds the following minimum standards:

(a) The minimum benefits for a covered individual shall, subject to the other provisions of this subdivision, be equal to at least 80 percent of the cost of covered services in excess of an annual deductible which does not exceed \$150 per person. The coverage shall include a limitation of \$3,000 per person on total annual

out-of-pocket expenses for services covered under this subdivision. The coverage may be subject to a maximum lifetime benefit of not less than \$250,000. Covered expenses shall be the usual and customary charges for the following services and articles when prescribed by a physician:

- (1) Hospital services;*
- (2) Professional services for the diagnosis or treatment of injuries, illnesses, or conditions, other than outpatient mental or dental, which are rendered by a physician or at his direction;*
- (3) Drugs requiring a physician's prescription;*
- (4) Services of a nursing home for not more than 120 days in a year if the services commence within 14 days following confinement of at least three days in a hospital for the same condition;*
- (5) Service of a home health agency up to a maximum of 180 visits per year;*
- (6) Use of radium or other radioactive materials;*
- (7) Oxygen;*
- (8) Anesthetics;*
- (9) Prostheses;*
- (10) Rental or purchase, as appropriate, of durable medical equipment;*
- (11) Diagnostic x-rays and laboratory tests;*
- (12) Oral surgery for partially or completely unerupted impacted teeth, a tooth root without the extraction of the entire tooth, or the gums and tissues of the mouth when not performed in connection with the extraction or repair of teeth; and*
- (13) Services of a physical therapist.*

(b) Covered expenses for the services and articles specified in this subdivision do not include the following:

- (1) Any charge for any care for any injury or disease either (i) arising out of an injury in the course of employment and subject to a workmen's compensation or similar law, (ii) for which benefits are payable without regard to fault under coverage statutorily required to be contained in any motor vehicle, or other liability insurance policy or equivalent self-insurance, or (iii) for which benefits are payable under another policy of accident and health insurance or medicare;*
- (2) Any charge for treatment for cosmetic purposes other than surgery for the repair of an injury or birth defect;*
- (3) Any charge for travel other than travel by ambulance to the nearest health care institution qualified to treat the illness or injury;*
- (4) Any charge for confinement in a private room to the extent it is in excess of the institution's charge for its most common semi-*

private room, unless a private room is prescribed as medically necessary by a physician;

(5) *That part of any charge for services or articles rendered or prescribed by a physician, dentist, or other health care personnel which exceeds the prevailing charge in the locality where the service is provided; and*

(6) *Any charge for services or articles the provision of which is not within the scope of authorized practice of the institution or individual rendering the services or articles.*

(c) *Effective January 1, 1980, the minimum benefits for a qualified plan shall include, in addition to those benefits specified in clause (a), benefits for the following services subject to applicable deductibles, coinsurance provisions, and maximum lifetime benefit limitations:*

(1) *Well baby care;*

(2) *Physicians' services for routine check-ups and annual physicals when prescribed by a physician; and*

(3) *Multiphasic screening and other diagnostic testing. The commissioner by rule shall prescribe reasonable limits on the reimbursement required for services listed in this clause.*

Subd. 2. [NUMBER TWO PLAN.] A plan of health coverage shall be certified as a number two qualified plan if it meets the requirements established by the laws of this state and provides for payment of 80 percent of the covered expenses required by this section in excess of a deductible which does not exceed \$500 per person.

Subd. 3. [NUMBER ONE PLAN.] A plan of health coverage shall be certified as a number one qualified plan if it meets the requirements established by the laws of this state and provides for payment of 80 percent of the covered expenses required by this section in excess of a deductible which does not exceed \$1,000 per person.

Subd. 4. [HEALTH MAINTENANCE PLANS.] A health maintenance organization which provides the services required by Minnesota Statutes, Chapter 62D shall be deemed to be providing a number three qualified plan.

Sec. 7. [62E.07] [QUALIFIED MEDICARE SUPPLEMENT PLAN.] Any plan which provides benefits to persons over the age of 65 years may be certified as a qualified medicare supplement plan if the plan is designed to supplement medicare and provides coverage of 50 percent of the deductible and copayment required under medicare and 80 percent of the charges for covered services described in section 6, subdivision 1, which charges are not paid by medicare. The coverage shall include a limitation of \$1,000 per person on total annual out-of-pocket expenses for the covered services. The coverage may be subject to a maximum lifetime benefit of not less than \$100,000.

Sec. 8. [62E.08] [STATE PLAN PREMIUM.] Subdivision 1. For the first year of operation of the comprehensive health insurance plan the association shall establish the following premiums to be charged for membership in the comprehensive health insurance plan:

(a) *The premium for the number one qualified plan shall be the average of rates charged by the five insurers with the largest number of individuals in a number one individual qualified plan of insurance in force in Minnesota;*

(b) *The premium for the number two qualified plan shall be the average of rates charged by the five insurers with the largest number of individuals in a number two individual qualified plan of insurance in force in Minnesota;*

(c) *The premium for a qualified medicare supplement plan shall be the average of rates charged by the five insurers with the largest number of individuals enrolled in a qualified medicare supplement plan; and*

(d) *The charge for health maintenance organization coverage shall be based on generally accepted actuarial principles.*

Subd. 2. For the second and subsequent years the schedule of premiums for membership in the comprehensive health insurance plan shall be designed to be self-supporting and based on generally accepted actuarial principles.

Sec. 9. [62E.09] [DUTIES OF COMMISSIONER.] *The commissioner may:*

(a) *Formulate general policies to advance the purposes of sections 1 to 17 of this article; the commissioner may also adopt, promulgate, repeal, and amend rules pursuant to the rule making provisions of Minnesota Statutes, Chapter 15, to carry out the provisions of sections 1 to 17 of this article;*

(b) *Supervise the creation of the Minnesota comprehensive health association within the limits described in section 10 of this article;*

(c) *Approve the selection of the writing carrier by the association and approve the association's contract with the writing carrier including 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 1 to 17 of this article, so that the residents of this state may best avail themselves of the health care benefits provided by these sections; and*

(h) *Contract with insurers and others for administrative services.*

Sec. 10. [62E.10] [COMPREHENSIVE HEALTH ASSOCIATION.]
Subdivision 1. [CREATION.] *There is established a comprehensive health association with membership consisting of all insurers, self insurers, fraternal and health maintenance organizations licensed or authorized to do business in this state.*

Subd. 2. [BOARD OF DIRECTORS; ORGANIZATION.] *The board of directors of the association shall be made up of seven individuals selected by participating members, subject to approval by the commissioner. To select the initial board of directors, and to initially organize the association, the commissioner shall give notice to all members of the time and place of the organizational meeting. In determining voting rights at the organizational meeting each member shall be entitled to vote in person or proxy. The vote shall be a weighted vote based upon the member's cost of self insurance, accident and health insurance premium, subscriber contract charges, or health maintenance contract payment derived from or on behalf of Minnesota residents in the previous calendar year, as determined by the commissioner. If the board of directors is not selected within 60 days after notice of the organizational meeting, the commissioner may appoint the initial board. In approving or selecting members of the board, the commissioner shall consider, among other things, whether all types of members are fairly represented. Members of the board may be reimbursed from the moneys of the association for expenses incurred by them as members, but shall not otherwise be compensated by the association for their services. The costs of conducting meetings of the association and its board of directors shall be borne by members of the association.*

Subd. 3. [MANDATORY MEMBERSHIP.] *All members shall maintain their membership in the association as a condition of doing business in this state. The association shall submit bylaws and operating rules to the commissioner for approval.*

Subd. 4. [OPEN MEETINGS.] *All meetings of the association, its board, and any committees of the association shall comply with the provisions of Minnesota Statutes, Section 471.705.*

Subd. 5. [CONTRACT OF REINSURANCE.] *All members shall enter into a contract with the association according to terms specified in section 11. The contract of reinsurance shall be executed on or before January 1, 1977, for a period of one year and shall be renewed annually thereafter. A company which ceases to do business within the state shall remain liable under the contract for the reinsurance contracted for during that calendar year.*

Subd. 6. [ANTITRUST EXEMPTION.] *In the performance of their duties as members of the association, the members shall be exempt from the provisions of Minnesota Statutes, Sections 325.8011 to 325.8028.*

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

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

(b) Sue or be sued;

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

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

(e) Provide for the reinsuring of risks incurred as a result of issuing

the coverages required by sections 4 and 16 of this article by members of the association. Each member which elects to reinsure its required risks shall determine the categories of coverage it elects to reinsure in the association. The categories of coverage are:

- (1) Individual qualified plans, excluding group conversions;*
- (2) Group conversions;*
- (3) Group qualified plans with fewer than 50 employees or members; and*
- (4) Major medical coverage.*

A separate election may be made for each category of coverage. If a member elects to reinsure the risks of a category of coverage, it must reinsure the risk of the coverage of every life covered under every policy issued in that category. Members electing to administer the risks which are reinsured in the association shall comply with the benefit determination guidelines and accounting procedures established by the association. The fee charged by the association for the reinsurance of risks shall not be less than 110 percent of the total anticipated expenses incurred by the association for the reinsurance; and

(f) Provide for the administration by the association of policies which are reinsured pursuant to clause (e) of this subdivision. Each member electing to reinsure one or more categories of coverage in the association may elect to have the association administer the categories of coverage on the member's behalf. If a member elects to have the association administer the categories of coverage, it must do so for every life covered under every policy issued in that category. The fee for the administration shall not be less than 110 percent of the total anticipated expenses incurred by the association for the administration.

Sec. 11. [62E.11] [OPERATION OF COMPREHENSIVE PLAN.]
Subdivision 1. Upon certification as an eligible person in the manner provided by section 14 of this article, an eligible person may enroll in the comprehensive health insurance plan by payment of the state plan premium to the writing carrier.

Subd. 2. Any employer which has in its employ one or more eligible persons enrolled in the comprehensive health insurance plan may make all or any portion of the state plan premium payment to the state plan directly to the writing carrier.

Subd. 3. Not less than 87-½ percent of the state plan premium paid to the writing carrier shall be used to pay claims, and not more than 12-½ percent shall be used for the payment of agent referral fees as authorized in section 15, subdivision 3 of this article and for payment of the writing carrier's direct and indirect expenses, as specified in section 13, subdivision 7 of this article.

Subd. 4. Any income in excess of the costs incurred by the association in providing reinsurance or administrative services pursuant to section 7, clauses (e) and (f) of this article shall be held at interest and used by the association to offset losses due to claims expenses of the state plan or allocated to reduce state plan premiums.

Subd. 5. Each member of the association shall share the losses due to claims expenses of the comprehensive health insurance plan pursuant to the terms of the individual reinsurance contracts executed by the association with each member in accordance with section 10, subdivision 5 of this article. Deviations in the claim experience of the state plan from the premium payments allocated to the payment of benefits shall be the liability of the association members. Association members shall share in the excess costs of the state plan in an amount equal to the ratio of the member's total cost of self insurance, accident and health insurance premium, subscriber contract charges, or health maintenance organization contract charges received from or on behalf of Minnesota residents as divided into the total cost of self insurance, accident and health insurance premium, subscriber contract charges, and health maintenance organization contract charges received by all association members from or on behalf of Minnesota residents, as determined by the commissioner. The reinsurance contract shall provide for a retroactive determination of each member's liability and payment due within 30 days after each renewal date of the reinsurance contract. Failure by a member to tender to the association the assessed reinsurance payment within 30 days of notification by the association shall be grounds for termination of the member's membership.

Net gains, if any, from the operation of the state plan shall be held at interest and used by the association to offset future losses due to claims expenses of the state plan or allocated to reduce state plan premiums.

Sec. 12. [62E.12] [MINIMUM BENEFITS OF COMPREHENSIVE HEALTH INSURANCE PLAN.] *The association through its comprehensive health insurance plan shall offer policies which provide the benefits of a number one qualified plan, a number two qualified plan and a qualified medicare supplement plan. They shall offer health maintenance organization contracts in those areas of the state where a health maintenance organization has agreed to make the coverage available and has been selected as a writing carrier.*

Sec. 13. [62E.13] [ADMINISTRATION OF PLAN.] *Subdivision 1. Any member of the association may submit to the commissioner the policies of accident and health insurance or the health maintenance organization contracts which are being proposed to serve in the comprehensive health insurance plan. The time and manner of the submission shall be prescribed by rule of the commissioner.*

Subd. 2. Upon the commissioner's approval of the policy forms and contracts submitted pursuant to Minnesota Statutes, Section 62A.10, the association shall select policies and contracts submitted by a member or members of the association to be the comprehensive health insurance plan. This selection shall be based upon criteria including the member's proven ability to handle large group accident and health insurance cases, efficient claim paying capacity, and the estimate of total charges for administering the plan. The association may select separate writing carriers

for the two types of qualified plans, the qualified medicare supplement plan, and the health maintenance organization contract.

Subd. 3. The writing carrier shall perform all administrative and claims payment functions required by this section. The writing carrier shall provide these services for a period of three years, unless a request to terminate is approved by the commissioner. The commissioner shall approve or deny a request to terminate within 90 days of its receipt. A failure to make a final decision on a request to terminate within the specified period shall be deemed to be an approval. Six months prior to the expiration of each three year period, the association shall invite submissions of policy forms from members of the association, including the writing carrier. The association shall follow the provisions of subdivision 2 in selecting a writing carrier for the subsequent three year period.

Subd. 4. The writing carrier shall provide to all eligible persons enrolled in the plan an individual certificate, setting forth a statement as to the insurance protection to which he is entitled, with whom claims are to be filed and to whom benefits are payable. The certificate shall indicate that coverage was obtained through the association.

Subd. 5. The writing carrier shall submit to the association and the commissioner on a monthly basis a report on the operation of the state plan. Specific information to be contained in this report shall be determined by the association prior to the effective date of the state plan.

Subd. 6. All claims shall be paid by the writing carrier pursuant to the provisions of sections 1 to 17 of this article, and shall indicate that the claim was paid by the state plan. Each claim payment shall include information specifying the procedure to be followed in the event of a dispute over the amount of payment.

Subd. 7. The writing carrier shall be reimbursed from the state plan premiums received for its direct and indirect expenses. Direct and indirect expenses shall include, but need not be limited to, a pro rata reimbursement for that portion of the writing carrier's administrative, printing, claims administration, management and building overhead expenses which are assignable to the maintenance and administration of the state plan. The association shall approve cost accounting methods to substantiate the writing carrier's cost reports consistent with generally accepted accounting principles. Direct and indirect expenses shall not include costs directly related to the original submission of policy forms prior to selection as the writing carrier.

Subd. 8. The writing carrier shall at all times when carrying out its duties under sections 1 to 17 of this article be considered an agent of the association and the commissioner with civil liability subject to the provisions of Minnesota Statutes, Section 3.751.

Subd. 9. Premiums received by the writing carrier for the comprehensive health insurance plan are specifically exempted from the provisions of Minnesota Statutes, Section 60A.15.

Sec. 14. [62E.14] [ENROLLMENT BY AN ELIGIBLE PER-

SON.] *Subdivision 1. The comprehensive health insurance plan shall be open for enrollment by eligible persons. An eligible person may enroll by submission of a certificate of eligibility to the writing carrier. The certificate shall provide the following:*

(a) Name, address, age, and length of time at residence of the applicant;

(b) Name, address, and age of spouse and children if any, if they are to be insured;

(c) Evidence of rejection, or a requirement of restrictive riders, or a pre-existing conditions limitation on a qualified plan, the effect of which is to substantially reduce coverage from that received by a person considered a standard risk, by at least two association members within six months of the date of the certificate; and

(d) A designation of the coverage desired.

An eligible person may not purchase more than one policy from the state plan.

Subd. 2. [WRITING CARRIER'S RESPONSE.] Within 30 days of receipt of the certificate described in subdivision 1, the writing carrier shall either reject the application for failing to comply with the requirements in subdivision 1 or forward the eligible person a notice of acceptance and billing information. Insurance shall be effective immediately upon receipt of the first month's state plan premium, and shall be retroactive to the date of the application, if the applicant otherwise complies with the requirements of sections 1 to 17 of this article.

Subd. 3. No person who obtains coverage pursuant to this section shall be covered for any pre-existing condition during the first six months of coverage under the state plan if the person was diagnosed or treated for that condition during the 90 days immediately preceding the filing of an application.

Sec. 15. [62E.15] [SOLICITATION OF ELIGIBLE PERSONS.] *Subdivision 1. The association pursuant to a plan approved by the commissioner shall disseminate appropriate information to the residents of this state regarding the existence of the comprehensive health insurance plan and the means of enrollment. Means of communication may include use of the press, radio and television, as well as publication in appropriate state offices and publications.*

Subd. 2. The association shall devise and implement means of maintaining public awareness of the provisions of sections 1 to 17 of this article and shall administer these sections in a manner which facilitates public participation in the state plan.

Subd. 3. The writing carrier shall pay an agent's referral fee of \$25 to each insurance agent who refers an applicant to the state plan, if the application is accepted. Selling or marketing of qualified state plans shall not be limited to the writing carrier or its agents. The referral fees shall be paid by the writing carrier from money received as premiums for the state plan.

Subd. 4. Every insurer which rejects or applies underwriting restrictions to an applicant for accident and health insurance shall notify the applicant of the existence of the state plan, the requirements for being accepted in it, and the procedure for applying to it.

Sec. 16. [62E.16] [CONVERSION PRIVILEGES.] *Every program of self insurance, policy of group accident and health insurance or contract of coverage by a health maintenance organization written or renewed in this state, shall include, in addition to the provisions required by Minnesota Statutes, Section 62A.17, the right to convert to an individual coverage qualified plan without the addition of underwriting restrictions regardless of the reason for leaving the group. The person leaving the group may exercise his right to conversion within 30 days of leaving the group. Plans of health coverage shall also include a provision which, upon the death of the individual in whose name the contract was issued, permits every other individual then covered under the contract to elect, within the period specified in the contract, to continue his coverage under the same or a different contract without the addition of underwriting restrictions until he would have ceased to have been entitled to coverage had the individual in whose name the contract was issued lived. An individual conversion contract issued by a health maintenance organization shall not be deemed to be an individual enrollment contract for the purposes of Minnesota Statutes, Section 62D.10.*

Sec. 17. [62E.17] [DUAL OPTION.] *Subdivision 1. An employer who employs in this state, on the average during a calendar quarter, 100 employees or more, other than employees engaged in seasonal employment as defined in Minnesota Statutes, Section 268.07, Subdivision 5, and who offers a health benefits plan to employees, whether (i) purchased from an insurer or a health maintenance organization, or (ii) provided on a self insured basis, shall, upon the next renewal of the health benefits plan contract, offer his employees a dual option to obtain health benefits through either an accident and health insurance policy or a health maintenance organization contract if one is available. An option need not be provided if less than 25 employees select that option.*

Subd. 2. An employer may make the dual offers through an insurer, a health maintenance organization or on a self insured basis. If an offer is made on a self insured basis, the accident and health insurance type of coverage or health maintenance organization type of coverage shall meet the requirements of the laws of this state as to the services covered or benefits provided, but need not otherwise be approved by the commissioner or the board of health.

Subd. 3. No insurer shall make acceptance of its offer to provide insurance coverage contingent on acceptance by the employer of health maintenance organization coverage by a particular health maintenance organization. No health maintenance organization shall make acceptance of its offer to provide health maintenance organization coverage contingent on acceptance by the employer of insurance coverage by a particular insurer. No offer to provide the accident and health insurance policy and the health maintenance organization contract shall combine the two in a single price package.

Subd. 4. The board of health, in consultation with the commissioner, shall adopt rules to implement the provisions of this section.

Sec. 18. Minnesota Statutes 1974, Section 62D.12, is amended by adding a subdivision to read:

Subd. 11. Any health maintenance organization which includes coverage of comprehensive dental services in its comprehensive health maintenance services shall not include the charge for the dental services in the same rate as the charge for other comprehensive health maintenance services. The rates for dental services shall be computed, stated and bid separately. No employer shall be required to purchase dental services in combination with other comprehensive health services. An employer may purchase dental services separately.

Sec. 19. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of insurance for the biennium ending June 30, 1977, \$107,000 for the purpose of implementing article I.*

Sec. 20. [EFFECTIVE DATES.] *Section 18 of this article is effective the day following its final enactment. Sections 1, 2, 4, 5, 6, 7, 8, 9, 10, 13, 15 and 19 of this article are effective July 1, 1976. Sections 3, 11, 12, 14, 16 and 17 of this article are effective January 1, 1977.*

ARTICLE II

Section 1. [CITATION.] *Sections 1 to 9 of this article may be cited as the Minnesota hospital administration act of 1976.*

Sec. 2. [DEFINITIONS.] *Subdivision 1. Unless the context clearly indicates otherwise, for the purposes of sections 1 to 9 of this article, the terms defined in this section have the meanings given them.*

Subd. 2. "Board" means the state board of health.

Subd. 3. "Hospital" means any acute care institution licensed pursuant to Minnesota Statutes, Sections 144.50 to 144.58, but does not include any health care institution conducted for those who rely primarily upon treatment by prayer or spiritual means in accordance with the creed or tenets of any church or denomination.

Subd. 4. "Commissioner" means the commissioner of insurance.

Subd. 5. "Insurer" means a person selling policies of accident and health insurance pursuant to Minnesota Statutes, Chapter 62A, or nonprofit health service plan subscriber contracts pursuant to Minnesota Statutes, Chapter 62C.

Sec. 3. [GENERAL POWERS AND DUTIES OF STATE BOARD.] *Subdivision 1. The board may contract with third parties for services necessary to carry out its activities where this will promote economy, avoid duplication of effort, and make best use of available expertise.*

Subd. 2. The board may apply for and receive grants and gifts from any governmental agency, private entity or other person.

Subd. 3. To further the purposes of Sections 1 to 9 of this article, the board may create committees from its membership and may appoint ad hoc advisory committees.

Subd. 4. The board shall coordinate regulation and inspection of hospitals to avoid, to the extent possible, conflicting rules and duplicative inspections.

Sec. 4. [REPORTING REQUIREMENTS.] *Subdivision 1. Each hospital, which has not filed the financial information required by this section with a voluntary, nonprofit rate review organization pursuant to section 8 of this article, shall file annually with the board after the close of its fiscal year:*

(a) A balance sheet detailing the assets, liabilities, and net worth of the hospital;

(b) A detailed statement of income and expenses; and

(c) A copy of its most recent cost report filed pursuant to requirements of Title XVIII of the United States Social Security Act.

Subd. 2. If more than one licensed hospital is operated by the reporting organization, the board may require that the information be reported separately for each hospital.

Subd. 3. The board may require attestation by responsible officials of the hospital that the contents of the reports are true.

Subd. 4. All reports, except privileged medical information, filed pursuant to this section, section 7 or section 8, subdivisions 3 or 4 of this article shall be open to public inspection.

Subd. 5. The board shall have the right to inspect hospital books, audits, and records as reasonably necessary to verify hospital reports.

Sec. 5. [CONTINUING ANALYSIS.] *Subdivision 1. The board may:*

(a) Undertake analyses and studies relating to hospital costs and to the financial status of any hospital subject to the provisions of sections 1 to 9 of this article; and

(b) Publish and disseminate the information relating to hospital costs.

Subd. 2. The board shall prepare and file summaries and compilations or other supplementary reports based on the information filed with or made available to the board, which reports will advance the purposes of sections 1 to 9 of this article.

Sec. 6. [ANNUAL REPORT.] *The board shall prepare and prior to each legislative session transmit to the governor and to the members of the legislature an annual report of the board's operations and activities for the preceding fiscal year as they relate to the duties imposed on the board by sections 1 to 9 of this article. This report shall include a compilation of all summaries and reports required by sections 1 to 9 of this article together with any findings and recommendations of the board.*

Sec. 7. [INVESTIGATIVE POWER.] *Subdivision 1. The board may initiate reviews or investigations as necessary to assure all purchasers of hospital health care service that the total costs of a hospital are reasonably related to the total services offered, that the hospital's aggregate revenues as expressed by rates are reasonably related to the hospital's aggregate costs, and that rates are set equitably. The board shall prohibit hospitals from discriminating among insurers in its rates.*

Subd. 2. In order to properly discharge these obligations, the board

may review projected annual revenues and expenses of hospitals and comment on them.

Subd. 3. In the interest of promoting the most efficient and effective use of hospitals, the board may promote experimental alternative methods of budgeting, cost control, rate determination and payment.

Subd. 4. The board shall begin to compile relevant financial and accounting data concerning hospitals in order to have statistical information available for legislative policy making.

Subd. 5. The board shall obtain from each hospital a current rate schedule. Any subsequent amendments or modifications of that schedule shall be filed with the board at least 60 days in advance of their effective date. The board may, by rule, exempt from this requirement rate increases which have a minimal impact on hospital costs. If the hospital has not agreed to submit to a voluntary rate review in accordance with section 8 of this article, the board may hold a public hearing pursuant to Minnesota Statutes, Chapter 15, on any increase which it determines is excessive and may publicly comment on any increase.

Subd. 6. Each report which is required to be submitted to the board pursuant to subdivision 5 and which is not to be reviewed by a voluntary nonprofit rate review organization in accordance with section 8 of this article shall be accompanied by a filing fee in an amount prescribed by rule of the board. Filing fees shall be set at a level sufficient to cover the costs of any reviews undertaken pursuant to subdivision 5, and may take into consideration the length or complexity of the report being filed. Fees received pursuant to this subdivision shall be deposited in the general fund of the state treasury.

Sec. 8. [VOLUNTARY PEER REVIEW OF HOSPITAL COSTS.] *Subdivision 1. A hospital may agree to submit its financial reports to, and be subject to a review of its rates by, a voluntary, nonprofit rate review organization whose reporting and review procedures have been approved by the board in accordance with this section.*

Subd. 2. The board may approve voluntary reporting and rate review procedures which are substantially equivalent to reporting requirements and rate review procedures adopted by the board for reporting and rate reviews conducted pursuant to sections 4 and 7 of this article. The board shall, by rule, prescribe standards for approval of voluntary rate review procedures, which standards shall provide for:

(a) The filing of appropriate financial information with the rate review organization;

(b) Adequate analysis and verification of that financial information; and

(c) Timely publication of the review organization's findings and comments prior to the effective date of any proposed rate increase. The board shall annually review the procedures approved pursuant to this subdivision.

Subd. 3. Any voluntary, nonprofit rate review organization which conducts a review of the rates of a hospital located in this state shall file a copy of its findings and comments with the board within 30 days of completion of the review process, together with a summary of the financial information acquired by the organization during the course of its review.

Subd. 4. Any voluntary, nonprofit rate review organization which receives the financial information required in section 4 of this article shall make the information available to the board in accordance with procedures prescribed by the board.

Subd. 5. If the reporting and rate review procedures of a voluntary, nonprofit rate review organization have been approved by the board those reporting and rate reviewing activities of the organization shall be exempt from the provisions of Minnesota Statutes, Sections 325.8011 to 325.8028.

Subd. 6. For the purposes of this section "rate review organization" means an association or other organization which has as one of its primary functions the peer review of hospital rates.

Sec. 9. [ADDITIONAL POWERS OF INSURANCE COMMISSIONER AND BOARD OF HEALTH.] *Subdivision 1. In addition to the other powers granted to the board and the commissioner by law, the board and the commissioner may each:*

(a) Adopt, amend, and repeal rules in accordance with Minnesota Statutes, Chapter 15;

(b) Hold public hearings, conduct investigations, and administer oaths or affirmations in any hearing or investigation.

Subd. 2. Any person aggrieved by a final determination of the board or the commissioner as to any rule or determination under sections 1 to 9 of this article; or under Minnesota Statutes, Section 62A.02, Subdivision 3; or 62C.15, Subdivision 2, shall be entitled to an administrative hearing and judicial review in accordance with the contested case provisions of Minnesota Statutes, Chapter 15.

Sec. 10. *Minnesota Statutes 1974, Section 62A.02, Subdivision 1, is amended to read:*

62A.02 [POLICY FORMS.] *Subdivision 1. [FILING.] ~~On and after April 18, 1957,~~ No policy of accident and sickness insurance shall be issued or delivered to any person in this state, nor shall any application, rider, or endorsement be used in connection therewith, until a copy of the form thereof and of the classification of risks and the premium rates pertaining thereto have been filed with the commissioner. The filing for nongroup policies shall include a statement of actuarial reasons and data to support the need for any premium rate increase.*

Sec. 11. *Minnesota Statutes 1974, Section 62A.02, Subdivision 3, is amended to read:*

Subd. 3. [DISAPPROVAL.] *The commissioner ~~may~~ shall, with-*

in 30 days after the filing of any such form, disapprove such the form :

(1) If the benefits provided therein are unreasonable in relation to the premium charged ; or ;

(2) If it contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of such the policy ; or

(3) If the proposed premium rate is excessive because the insurer has failed to exercise reasonable cost control .

If the commissioner shall notify the notifies an insurer which has filed any such form that it the form does not comply with the provisions of this section or sections 62A.03 to 62A.05 and section 72A.20, subdivision 1, it shall be unlawful thereafter for such the insurer to issue such the form or use it in connection with any policy. In such the notice the commissioner shall specify the reasons for his disapproval and state that a hearing will be granted within 20 days after request in writing by the insurer.

Sec. 12. Minnesota Statutes 1974, Section 62C.15, Subdivision 2, is amended to read:

Subd. 2. No service plan corporation shall deliver, issue for delivery, extend, continue, or renew any form of nongroup subscriber's subscriber contract until schedules of charges applicable thereto, including any endorsement, rider, amendment or application which is a part thereof, have been filed with the commissioner; nor shall such the corporation deliver, issue for delivery, extend, continue or renew any form of group subscribers subscriber contract until a schedule of the rating structures and formulae applicable thereto, including any endorsement, rider, amendment or application which is a part thereof, has been filed with the commissioner. The filing for a nongroup subscriber contract shall include the actuarial data needed to justify any increase in subscriber charges. The commissioner may disapprove the schedule of charges for any group or nongroup subscriber contract if after December 31, 1970, :

(a) The unencumbered reserve or surplus is less than the required minimum or more than the required maximum ; the rating structures and formulae filed as above provided, and all charges for nongroup subscribers' contracts shall, upon review, be subject to the commissioner's disapproval, until such reserves or surplus are in amounts prescribed by Laws 1971, Chapter 560. In addition, the commissioner may, in his discretion, require the charges developed for group subscriber contracts to be filed, and, if such charges are required to be so filed, they shall, upon review, also be subject to the commissioner's disapproval ; or

(b) The schedule charges meet the criteria specified in section 62A.02, subdivision 3 .

Sec. 13. [APPROPRIATIONS.] Subdivision 1. There is appropriated from the general fund to the state board of health for the purposes of this article, the sum of \$125,000.

Subd. 2. There is appropriated from the general fund to the commissioner of insurance for the purpose of this article, the sum of \$43,000.

Subd. 3. The sums appropriated by this section shall not cancel but shall be available for the biennium ending June 30, 1977.

Sec. 14. [EFFECTIVE DATES.] Section 13 is effective May 1, 1976. Sections 1 to 12 are effective August 1, 1976.

ARTICLE III

Section 1. [62E.51] [CITATION.] Sections 1 to 5 of this article may be cited as the Minnesota catastrophic health expense protection act of 1976.

Sec. 2. [62E.52] [DEFINITIONS.] Subdivision 1. For the purposes of sections 1 to 5 of this article, the terms defined in this section have the meanings given them.

Subd. 2. "Eligible person" means any person who is a resident of Minnesota and who, while a resident of Minnesota, has been found by the commissioner to have incurred an obligation to pay qualified expenses for himself and any dependents in any 12 consecutive months exceeding:

(a) 40 percent of his household income up to \$15,000, plus 50 percent of his household income between \$15,000 and \$25,000, plus 60 percent of his household income in excess of \$25,000; or

(b) \$2,500, whichever is greater.

Subd. 3. "Qualified expense" means any charge incurred subsequent to July 1, 1977 for a health service which is included in the list of covered services described in article I, section 6, subdivision 1, of this act, and for which no third party is liable.

Subd. 4. "Dependent" means a spouse or unmarried child under the age of 19 years, a child who is a student under the age of 25 and financially dependent upon the parent, or a child of any age who is disabled and dependent upon the parent.

Subd. 5. "Household income" means the gross income of an eligible person and all his dependents for the calendar year preceding the year in which an application is filed pursuant to section 3.

Subd. 6. "Gross income" means income as defined in Minnesota Statutes, Section 290A.03, subdivision 3.

Subd. 7. "Commissioner" means the commissioner of public welfare.

Subd. 8. "Third party" means any person other than the eligible person or his dependents.

Sec. 3. [62E.53] [APPLICATION FOR ASSISTANCE.] Subdivision 1. Any person who believes that they are or will become an eligible person may submit an application for state assistance

to the commissioner. The application shall include a listing of expenses incurred prior to the date of the application and shall designate the date on which the 12 month period for computing expenses began.

Subd. 2. If the commissioner determines that an applicant is an eligible person, he shall pay 90 percent of all qualified expenses of the eligible person and his dependents in excess of:

(a) 40 percent of his household income under \$15,000, plus 50 percent of his household income between \$15,000 and \$25,000, plus 60 percent of his household income in excess of \$25,000; or

(b) \$2,500; whichever is greater for the 12 month period in which the applicant becomes an eligible person. If the commissioner determines that the charge for a health service is excessive, he may limit his payment to the usual and customary charge for that service. If the commissioner determines that a health service provided to an eligible person was not medically necessary, he may refuse to pay for the service. To the extent feasible, the commissioner shall contract with a review organization as defined in Minnesota Statutes, Section 145.61, in making any determinations as to whether or not a charge is excessive. To the extent feasible, the commissioner shall contract with a review organization as defined in Minnesota Statutes, Section 145.61, in making any determination as to whether or not a service was medically necessary. If the commissioner in accordance with this section refuses to pay all or a part of the charge for a health service, the unpaid portion of the charge shall be deemed to be an unconscionable fee, against the public policy of this state, and unenforceable in any action brought for the recovery of moneys owed.

Sec. 4. [62E.54] [DUTIES OF COMMISSIONER.] Subdivision 1. The commissioner shall:

(a) Promulgate reasonable rules to implement sections 1 to 5 of this article;

(b) Establish application forms and procedures for the use of persons seeking to be declared an eligible person; and

(c) Investigate applications to determine whether or not the applicant is a qualified person and investigate claims from providers of health services to determine whether or not to pay them.

Subd. 2. The commissioner may:

(a) Enter into contracts with the United States or any state agency, instrumentality or political subdivision for the purpose of coordinating the program established by sections 1 to 5 of this article, with other programs which provide or pay for the delivery of health services;

(b) Enter into contracts with third parties to perform some or all of the duties imposed on the commissioner by sections 3 and 4 of this article.

Sec. 5. [62E.55] [APPEALS.] The final decision of the commissioner denying an application for status as an eligible person or denying all

or part of the charges for a health service may be appealed by any interested party pursuant to Minnesota Statutes, Chapter 15.

Sec. 6. [EFFECTIVE DATE.] *This article is effective July 1, 1977."*

Further delete the title in its entirety and insert:

"A bill for an act relating to health care; providing for establishment and administration of certain plans of health insurance to make minimum health care benefits available to all persons in the state; creating a comprehensive health care association; requiring review of hospital and insurance premium rates; providing protection against catastrophic health care expenses; regulating coverage of dental services by health maintenance organizations; appropriating money; amending Minnesota Statutes 1974, Sections 62A.02, Subdivisions 1 and 3; 62C.15, Subdivision 2; and 62D.12, by adding a subdivision."

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

Senate Conferees: (Signed) George R. Conzemius, Al Kowalczyk, Rolf Nelson.

House Conferees: (Signed) James C. Swanson, James I. Rice, Martin O. Sabo.

Mr. Conzemius moved that the foregoing recommendations and Conference Committee Report on S. F. No. 60 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 60: A bill for an act relating to insurance; providing for the establishment and administration of plans of health insurance to provide certain minimum benefits to all persons in the state; creating a comprehensive health care association; providing a dual option for health care for certain employees; regulating health maintenance organizations' coverage of dental services and conversion privileges; appropriating money; amending Minnesota Statutes 1974, Section 62D.12, by adding a subdivision.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 47 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Conzemius	Knutson	Olson, A. G.	Spear
Arnold	Doty	Kowalczyk	Olson, H. D.	Stassen
Bang	Dunn	Lewis	Olson, J. L.	Stokowski
Berg	Gearty	McCutcheon	O'Neill	Tennessen
Bernhagen	Hansen, Mel	Merriam	Perpich, A. J.	Ueland
Blatz	Hanson, R.	Milton	Pillsbury	Wegener
Borden	Humphrey	Moe	Schaaf	Willet
Brown	Josefson	Nelson	Schmitz	
Chenoweth	Keefe, J.	Ogdahl	Schrom	
Coleman	Kirchner	Olhoft	Solon	

Messrs. Hansen, Baldy ; Jensen ; Larson and Renneke voted in the negative.

So the bill, as amended by the Conference Committee, was re-passed and its title was agreed to.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1137, and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 1137: A bill for an act relating to housing ; increasing range of eligibility for assistance from housing finance agency ; providing for revolving loan funds and direct subsidies ; appropriating money ; amending Minnesota Statutes 1974, Sections 462A.03, Subdivision 13 ; 462A.05, Subdivisions 2 and 14 ; 462A.07, by adding a subdivision ; 462A.19, Subdivision 1 ; 462A.21, by adding subdivisions ; and 462A.22, Subdivision 9.

House File No. 1137 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted April 2, 1976

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1137

A bill for an act relating to housing ; increasing range of eligibility for assistance from housing finance agency ; providing for revolving loan funds and direct subsidies ; appropriating money ; amending Minnesota Statutes 1974, Sections 462A.03, Subdivision 13 ; 462A.05, Subdivisions 2 and 14 ; 462A.07, by adding a subdivision ; 462A.19, Subdivision 1 ; 462A.21, by adding subdivisions ; and 462A.22, Subdivision 9.

April 1, 1976

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

The Honorable Alec G. Olson
President of the Senate

We, the undersigned conferees for H. F. No. 1137 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. 1137 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1974, Section 462A.03, Subdivision 13, is amended to read:

Subd. 13. "Eligible mortgagor" means a nonprofit corporation or, limited profit entity or a builder, as the same are defined by the agency in its rules, which sponsors or constructs residential housing as defined in subdivision 7, or a natural person of low or moderate income, except that the return to a limited dividend entry entity shall not exceed eight ~~eight~~ six percent of the capital contribution of the investors or such lesser percentage as the agency shall establish in its rules. Owners of existing residential housing occupied by renters shall be eligible for rehabilitation loans, only if, as a condition to the issuance of the loan, the owner agrees to conditions established by the agency in its rules relating to rental or other matters that will insure that the housing will be occupied by persons and families of low or moderate income. The agency shall require by rules that the owner give preference to those persons of low or moderate income who occupied the residential housing at the time of application for the loan.

Sec. 2. Minnesota Statutes 1974, Section 462A.04, Subdivision 1, is amended to read:

462A.04 [HOUSING FINANCE AGENCY.] Subdivision 1. There is created a public body corporate and politic to be known as the "Minnesota Housing Finance Agency," which shall perform the governmental functions and exercise the sovereign powers delegated to it in chapter 462A in furtherance of the public policies and purposes declared in section 462A.02. The agency shall consist of the state planning director, state auditor, and five public members appointed by the governor with advice and consent of the senate for terms of four years commencing on the dates their predecessors' terms expire; provided, that the first public members appointed by the governor shall serve terms as designated by the governor expiring on January 1, 1973, 1974, 1975, 1976, and 1977, respectively. No more than two public members shall reside in the area of jurisdiction of the metropolitan council as provided in section 483B.02, subdivision 1, and no more than one public member shall reside in any one of the development regions established under the provisions of sections 462.381 to 462.396. Each member shall hold office until his successor has been appointed and has qualified. A certificate of appointment or reappointment of any member shall be conclusive evidence of the due and proper appointment of the member.

Sec. 3. Minnesota Statutes 1974, Section 462A.05, Subdivision 2, is amended to read:

Subd. 2. It may make or participate in the making of eligible construction loans to sponsors or builders of residential housing for occupancy by persons or families of low and moderate income. Such loans shall be made only upon determination by the agency that construction loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions.

Sec. 4. Minnesota Statutes 1974, Section 462A.05, Subdivision 14, is amended to read:

Subd. 14. It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participation in the making, of eligible loans for rehabilitation to persons and families of low and moderate income, and to ~~sponsors~~ *owners* of existing residential housing for occupancy by such persons and families, for the rehabilitation of existing residential housing owned by them. Such loans may be insured or uninsured and may be made with such security, or may be unsecured, as the agency deems advisable. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if such refinancing is determined by the agency to be necessary to permit the owner to meet his housing cost without expending an unreasonable portion of his income thereon. No loan for rehabilitation shall be made unless the agency determines that such loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing ~~or~~, for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and ~~standard~~ *standards* applicable to housing, *or to accomplish energy conservation related improvements*. In unincorporated areas and municipalities not having such codes and standards, the agency may, solely for the purpose of administering the provisions of ~~Laws 1974, Chapter 441~~ *chapter 462A*, establish such codes and standards. No loan for rehabilitation of any property shall be made in an amount which, with all other existing indebtedness secured by the property, would exceed its market value, as determined by the agency. No loan for rehabilitation of owner occupied residential housing shall be denied solely because the loan will not be used for placing such residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions.

Sec. 5. Minnesota Statutes 1974, Section 462A.05, Subdivision 15, is amended to read:

Subd. 15. It may make grants to persons and families of low and moderate income to pay or to assist in paying a loan made pursuant to subdivision 14, or to rehabilitate or to assist in rehabilitating existing residential housing owned or occupied by such persons or families. For the purposes of this section, persons of low and moderate income include administrators appointed pursuant to section 566.25, clause (c). No such grant shall be made unless the agency determines that such grant will be used primarily to make the housing more desirable to live in, to increase the market value of the housing or for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, *or to accomplish energy conservation related improvements*. In unincorporated areas and municipalities not having such codes and standards, the agency may, solely for the purpose of administering this provision, establish such codes and standards. No grant for rehabilitation of owner occupied residential housing shall be denied

solely because the grant will not be used for placing such residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. The amount of any such grant shall not exceed the lesser of (a) \$5,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by such person or family without spending an unreasonable portion of the income of such person or family thereon. In making such grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should such repayment be required.

The agency may also make grants to rehabilitate or to assist in rehabilitating housing under this subdivision to persons of low and moderate income for the purpose of qualifying as foster parents.

Sec. 6. Minnesota Statutes 1974, Section 462A.05, is amended by adding a subdivision to read:

Subd. 17. The agency may make conventional loans, as defined in and in accordance with the conditions and limitations prescribed in section 47.20, but without the necessity that such conventional loans and purchases of obligations representing conventional loans 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.

Sec. 7. Minnesota Statutes 1974, Section 462A.07, is amended by adding a subdivision to read:

Subd. 9a. In the exercise of the powers granted to it under chapter 462A, it shall promulgate rules as may be necessary to encourage counties and municipalities to promote the economical construction of housing units for persons and families of low and moderate income.

Sec. 8. Minnesota Statutes 1971, Section 462A.07, Subdivision 13, is amended to read:

Subd. 13. It may engage in the development and administration of low rent housing, but only if (1) the federal government provides assistance in connection with such housing pursuant to 42 U.S.C. 1401—1435, and (2) the applicable county or municipal government body or reservation housing authority has requested the agency to engage in such development and administration. For the purpose of this subdivision, the terms "development", "administration", and "low rent housing" shall have the meanings set forth in 42 U.S.C. 1401—1435, as in effect on April 11, 1974. In the allocation of federal housing assistance funds provided pursuant to this subdivision, the agency shall give priority to programs which increase opportunities for low cost residential housing on or adjacent to the Indian reservations of this state. It may engage or assist in the development and operation of low

income housing if the federal government provides assistance in connection with the housing and the development and operation is in conformity with the applicable provisions of federal laws and regulations. The agency shall determine whether the applicable federal laws governing use of such funds permit a portion thereof to be used for residential housing for native Americans within the state .

Sec. 9. Minnesota Statutes 1974, Section 462A.07, is amended by adding a subdivision to read:

Subd. 14. It may engage in housing programs for low and moderate income native Americans, as that term is defined in section 254A.02, subdivision 11, developed and administered separately or in combination by the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities as determined by such tribe, band, or communities. In developing such housing programs the tribe, band, or communities shall take into account the housing needs of all native Americans residing both on and off reservations within the state. A plan for each such program, which specifically describes the program (a) content, (b) utilization of funds, (c) administration, (d) operation, (e) implementation and other matter, as determined by the agency, must be submitted to the agency for its review and approval prior to the making of eligible loans pursuant to section 462A.21. All such programs must conform to rules promulgated by the agency concerning program administration, including but not limited to rules concerning costs of administration; the quality of housing; interest rates, fees and charges in connection with making eligible loans; and other matters determined by the agency to be necessary in order to effectuate the purposes of this subdivision and sections 10 and 11 of this act. All such programs must provide for a reasonable balance in the distribution of funds appropriated for the purpose of this section between native Americans residing on and off reservations within the state. Nothing in this section shall preclude such tribe, band, or communities from requesting and receiving cooperation, advice, and assistance from the agency as regards program development, operation, delivery, financing, or administration. As a condition to the making of such eligible loans, the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians and the Sioux communities shall:

(a) enter into a loan agreement and other contractual arrangements with the agency for the purpose of transferring the allocated portion of loan funds as set forth in section 16 of this act and to insure compliance with the provisions of this section and chapter 462A, and

(b) shall agree that all of their official books and records related to such housing programs shall be subjected to audit by the legislative auditor in the manner prescribed for agencies of state government.

The agency shall submit a biennial report concerning the various housing programs for native Americans, and related receipts and expenditures as provided in section 462A.22, subdi-

vision 9, and such tribe, band, or communities to the extent that they administer such programs, shall be responsible for any costs and expenses related to such administration provided, however, they shall be eligible for payment for costs, expenses and services pursuant to section 462A.07, subdivision 12, and section 10 of this act. The agency may provide or cause to be provided essential general technical services as set forth in section 462A.07, subdivision 2, and general consultative project assistance services, including, but not limited to, management training, and home ownership counseling as set forth in section 462A.07, subdivision 3. Rules promulgated under this subdivision may be promulgated as emergency rules under chapter 15.

Sec. 10. Minnesota Statutes 1974, Section 462A.21, is amended by adding a subdivision to read:

Subd. 4b. It may establish loan funds and may make eligible loans from them, at rates of interest and with security as the agency deems advisable, if each loan is determined by the agency to be necessary to permit the occupant of residential housing financed wholly or in part by any such loan to meet his housing costs without expending an unreasonable portion of his income on them.

Sec. 11. Minnesota Statutes 1974, Section 462A.21, is amended by adding a subdivision to read:

Subd. 4c. It may establish a revolving loan fund and may make eligible loans, pursuant to section 10 of this act, to low and moderate income native Americans as provided in section 9 of this act and may pay the costs and expenses necessary and incidental to the development and operation of such programs.

Sec. 12. Minnesota Statutes 1974, Section 462A.21, is amended by adding a subdivision to read:

Subd. 7. The agency may make loans to low and moderate income persons who own existing residential housing for the purpose of improving the efficient energy utilization of the housing. Permitted improvements shall include installation or upgrading of ceiling, wall, floor and duct insulation, storm windows and doors, and caulking and weatherstripping. The improvements shall not be inconsistent with the energy standards as promulgated as part of the state building code; provided that the improvements need not bring the housing into full compliance with the energy standards. Any loan for such purpose shall be made only upon determination by the agency that such loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions. The agency may promulgate rules as necessary to implement and make specific the provisions of this subdivision. The rules shall be designed to permit the state, to the extent not inconsistent with chapter 462A, to seek federal grants or loans for energy purposes.

Sec. 13. Minnesota Statutes 1974, Section 462A.22, Subdivision 9, is amended to read:

Subd. 9. The agency shall also submit a biennial report of its activities, projected activities, receipts, and expenditures for the next bien-

nium, to the governor and the legislature on or before January 15 in each odd-numbered year.

Sec. 14. Minnesota Statutes 1974, Chapter 462A, is amended by adding a section to read:

[462A.235] [DUTIES OF COMMISSIONER OF BANKS.] *The commissioner of banks shall strongly encourage all financial institutions organized under chapter 47 to cooperate with the Minnesota housing finance agency to effectuate the purposes of the Minnesota housing finance agency law of 1971, as amended.*

Sec. 15. *The legislative auditor shall study and report to the legislative audit commission and the Minnesota housing finance agency no later than March 1, 1977, on the performance, management and operations of the agency. The report of the legislative auditor may include recommendations for statutory amendments or changes in agency operations, and shall include discussions of such matters as funding for agency operations, transfer and investment of agency money, and security for agency loans. The legislative auditor shall consult with and receive the assistance of the commissioners of finance and administration, the executive secretary of the state investment board and the executive director of the agency.*

Sec. 16. [APPROPRIATIONS.] *Subdivision 1. The sum of \$34,200,000 is appropriated from the general fund in the state treasury to the housing development fund under the jurisdiction of the Minnesota housing finance agency to be used for the purposes identified in Minnesota Statutes, Section 462A.21, Subdivision 4a, and in sections 10, 11 and 12 of this act and for the administrative costs and expenses related to these purposes. Not more than five percent of the amounts allocated in (a) and (c) below may be used for such administrative costs and expenses. The amounts determined by the agency to be used for each of those purposes shall not exceed:*

(a) *\$21,000,000 for making rehabilitation grants and low interest rehabilitation loans to persons and families of low and moderate income, of which \$6,000,000 shall be used for the purpose of improving the energy efficiency of dwellings, and of which \$6,000,000 shall be used for the purpose of making loans and grants to owners of residential housing who are senior citizens or owners of residential housing occupied by senior citizens, as determined by the agency. Up to \$9,000,000 of this appropriation may be used for making rehabilitation grants.*

Grants made under terms of this appropriation shall contain a requirement that the grant be recovered by the agency in accordance with the following schedule:

(1) *If the property is sold, transferred, or otherwise conveyed within the first year after receipt of a grant, the recipient shall repay the full amount of the grant;*

(2) *If the property is sold, transferred, or otherwise conveyed within the second year after receipt of a grant, the recipient shall repay 80 percent of the amount of the grant;*

(3) *If the property is sold, transferred, or otherwise conveyed within the third year after receipt of a grant, the recipient shall repay 60 percent of the amount of the grant;*

(4) If the property is sold, transferred, or otherwise conveyed within the fourth year after receipt of a grant, the recipient shall repay 40 percent of the amount of the grant;

(5) If the property is sold, transferred, or otherwise conveyed within the fifth year after receipt of a grant, the recipient shall repay 20 percent of the amount of the grant; or

(6) If the property is sold, transferred, or otherwise conveyed within the sixth year after receipt of the grant, or thereafter, there shall be no repayment requirement;

(b) \$5,000,000 for the purpose of establishing a revolving loan fund for the development of housing for occupancy by native Americans as described in sections 9 and 11 of this act, and for the payment of costs and expenses necessary and incidental to such programs provided, however, that 64 percent of said appropriations shall be used in the development and operation of housing programs by the Minnesota Chippewa tribe; 30 percent of such appropriations shall be used in the development and operation of housing programs by the Red Lake band; six percent of such appropriations shall be used in the development and operation of housing programs by the Sioux communities;

(c) \$5,000,000 for establishing a revolving loan fund for financing low income purchasers of low cost basic homes;

(d) \$3,000,000 for deposit in a debt service account to be allocated by the agency in the manner specified in this clause as security for bonds or notes to be issued by the agency to provide loans for single and multi-family housing for persons and families of low and moderate income or refunding bonds or notes issued for such purpose. In connection with each issuance of bonds or notes for this purpose, the agency shall determine the amount, if any, of the account which shall be transferred to any fund or account required to be established by the agency under terms of any bond resolution or indenture to provide additional security for such bonds or notes;

(e) \$150,000 to engage in research, design, coordination, and marketing of alternative housing delivery systems for senior citizens;

(f) \$50,000 to research the potential for utilization of resources provided in Minnesota Statutes, Chapter 462A for the development, purchase or rehabilitation of mobile homes and other alternative housing delivery systems.

Notwithstanding the provisions of Minnesota Statutes, Section 16A.28, or any other law relating to lapse of an appropriation, the appropriation made by this subdivision shall not lapse but shall continue until fully expended. Earnings from investments of any of the amounts appropriated by this subdivision shall be appropriated to the agency to be used for the same purposes as the respective original appropriations in this subdivision.

Subd. 2. The sum of \$100,000 is appropriated from the general fund in the state treasury to the legislative auditor to be used for

the purposes identified in section 15 of this act. Any unexpended balance remaining in the first year shall not cancel but shall be available for the second year of the biennium.

Sec. 17. [EFFECTIVE DATE.] *This act shall be effective the day following final enactment."*

Further, strike the title and insert:

"A bill for an act relating to housing; increasing range of eligibility for assistance from housing finance agency; proscribing agency powers; authorizing the making of loans; promoting the economical construction of housing; providing for a report of legislative auditor; establishing a debt service account; establishing revolving loan funds; appropriating money; amending Minnesota Statutes 1974, Sections 462A.03, Subdivision 13; 462A.04, Subdivision 1; 462A.05, Subdivisions 2, 14, 15, and by adding a subdivision; 462A.07, Subdivision 13, and by adding subdivisions; 462A.21, by adding subdivisions; 462A.22, Subdivision 9; and Chapter 462A, by adding a section."

House Conferees: (Signed) Franklin J. Knoll, Fred C. Norton, John C. Lindstrom, Carl W. Kroening, Douglas R. Ewald

Senate Conferees: (Signed) Hubert H. Humphrey III, John Keefe, Winston W. Borden, David D. Schaaf, Harmon T. Ogdahl

Mr. Humphrey moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1137 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1137: A bill for an act relating to housing; increasing range of eligibility for assistance from housing finance agency; proscribing agency powers; authorizing the making of loans; promoting the economical construction of housing; providing for a report of legislative auditor; establishing a debt service account; establishing revolving loan funds; appropriating money; amending Minnesota Statutes 1974, Sections 462A.03, Subdivision 13; 462A.04, Subdivision 1; 462A.05, Subdivisions 2, 14, 15, and by adding a subdivision; 462A.07, Subdivision 13, and by adding subdivisions; 462A.21, by adding subdivisions; 462A.22, Subdivision 9; and Chapter 462A, by adding a section.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Berg	Coleman	Gearty	Humphrey
Arnold	Bernhagen	Conzemius	Hansen, Baldy	Jensen
Ashbach	Blatz	Doty	Hansen, Mel	Josefson
Bang	Borden	Frederick	Hanson, R.	Keefe, J.

Kirchner	Merriam	Olson, H. D.	Schmitz	Stumpf
Kleinbaum	Milton	Olson, J. L.	Schrom	Tennessee
Knutson	Moe	O'Neill	Sillers	Ueland
Kowalczyk	Nelson	Perpich, A. J.	Solon	Wegener
Laufenburger	Ogdahl	Pillsbury	Spear	Willet
Lewis	Olhoft	Renneke	Stassen	
McCutcheon	Olson, A. G.	Schaaf	Stokowski	

So the bill, as amended by the Conference Committee, was re-passed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 348, and re-passed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 348: A bill for an act relating to insurance; clarifying the application of state law to certain insurance contracts; amending Minnesota Statutes 1974, Chapter 60A, by adding a section.

House File No. 348 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1976

CONFERENCE COMMITTEE REPORT ON H. F. NO. 348

A bill for an act relating to insurance; clarifying the application of state law to certain insurance contracts; amending Minnesota Statutes 1974, Chapter 60A, by adding a section.

March 31, 1976

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

The Honorable Alec G. Olson
President of the Senate

We, the undersigned conferees for H. F. No. 348 report that we have agreed upon the items in dispute and recommend as follows:

That H. F. No. 348 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1974, Section 62A.15, is amended by adding a subdivision to read:

Subd. 3. No carrier referred to in subdivision 1 shall, in the payment of claims to employees in this state, deny benefits payable for services covered by the policy or contract if the services are lawfully performed by a duly licensed chiropractor.

Sec. 2. Sections 2 to 15 may be cited as the "Temporary Joint Underwriting Association Act."

Sec. 3. [JOINT UNDERWRITING ASSOCIATION.] Subdivision 1. [CREATION.] *There is created a temporary joint underwriting association to provide medical malpractice insurance coverage to any licensed health care provider unable to obtain this insurance through ordinary methods. Every insurer authorized to write and writing personal injury liability insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state.*

Subd. 2. [DIRECTORS.] *The association shall have a board of directors composed of 11 persons chosen annually as follows: five persons elected by members of the association at a meeting called by the commissioner; three members who are health care providers appointed by the commissioner prior to the election by the association; and three public members, as defined in section 214.02, appointed by the governor prior to the election by the association.*

Sec. 4. [DEFINITIONS.] Subdivision 1. *As used in sections 2 to 15, the following words shall have the meanings given.*

Subd. 2. "Association" *means the temporary joint underwriting association.*

Subd. 3. "Commissioner" *means the commissioner of insurance.*

Subd. 4. "Medical malpractice insurance" *means insurance against loss, damage or expense incident to a claim arising out of the death or injury of any person as the result of negligence or malpractice in rendering professional service by any licensed health care provider.*

Subd. 5. "Member" *means every insurer authorized to write and writing personal injury liability insurance in this state.*

Subd. 6. "Net direct premiums" *means gross direct premiums written on personal injury liability insurance, including the liability component of multiple peril package policies as computed by the commissioner, less return premiums for the unused or unabsorbed portions of premium deposits.*

Subd. 7. "Personal injury liability insurance" *means insurance described in section 60A.06, subdivision 1, clause (13).*

Sec. 5. [AUTHORIZATION TO ISSUE INSURANCE.] Subdivision 1. *If the commissioner determines after a hearing that medical malpractice insurance cannot be made available for either physicians, hospitals or other specific types of health care providers in the voluntary market, he shall authorize the association to issue medical malpractice insurance on a primary basis for physicians, hospitals or other health care providers. If the commissioner determines after a hearing that insurance issued by the association can be made available in the voluntary market, he shall revoke the association's authorization to issue that insurance which can be made available.*

Subd. 2. *If the association is authorized by the commissioner to issue insurance, it shall:*

(a) *Issue or cause to be issued insurance policies to applicants, including incidental coverages, subject to limits as specified in the plan of operation but not to exceed one million dollars for each claimant*

under one policy and three million dollars for all claimants under one policy in any one year;

(b) Underwrite the insurance and adjust and pay losses with respect thereto, or appoint service companies to perform those functions;

(c) Assume reinsurance from its members; and

(d) Cede reinsurance.

Sec. 6. [PLAN OF OPERATION.] *Subdivision 1. Within 45 days following the effective date of this act, the directors of the association shall submit to the commissioner for his review, a proposed plan of operation, consistent with the provisions of sections 2 to 15.*

The plan of operation shall provide for economic, fair and non-discriminatory administration and for prompt and efficient providing of medical malpractice insurance. It may contain other provisions, including but not limited to preliminary assessment of all members for initial expenses necessary to commence operations, establishment of necessary facilities, management of the association, assessment of members to defray losses and expenses, commission arrangements, reasonable and objective underwriting standards, acceptance and cession of reinsurance, appointment of servicing carriers or other servicing arrangements and procedures for determining amounts of insurance to be provided by the association.

Subd. 2. The plan of operation shall be subject to approval by the commissioner after consultation with the members of the association, representatives of the public and other affected individuals and organizations. If the commissioner disapproves all or any part of the proposed plan of operation, the directors shall within 15 days submit for review an appropriate revised plan of operation or part thereof. If a revised plan is not submitted within 15 days, the commissioner shall promulgate a plan of operation or part thereof, as the case may be. The plan of operation approved or promulgated by the commissioner shall become effective and operational upon order of the commissioner.

Subd. 3. Amendments to the plan of operation may be made by the commissioner or by the directors of the association, subject to the approval of the commissioner.

Sec. 7. [POLICY FORMS AND RATES.] *Subdivision 1. A policy issued by the association shall provide for a continuous period of coverage beginning with its effective date and terminating automatically at 12:01 a.m. on September 1, 1978, or sooner as provided in sections 2 to 15. The policy shall be issued subject to the group retrospective rating plan and the stabilization reserve fund authorized by section 10. The policy shall be written to apply to injury which results from acts or omissions during the policy period. No policy form shall be used by the association unless it has been filed with the commissioner, and the commissioner may disapprove the form within 30 days if he determines it is misleading or violates public policy.*

Subd. 2. If an insured fails to pay a stabilization reserve fund charge the association may cancel a policy by mailing or delivering to the insured at the address shown on the policy at least ten days written notice stating the date the cancellation is effective.

Subd. 3. The rates, rating plans, rating rules, rating classifications and territories applicable to the insurance written by the association and statistics relating thereto shall be subject to chapter 70A. Rates shall be on an actuarially sound basis, giving consideration to the group retrospective rating plan and the stabilization reserve fund. The commissioner shall take all appropriate steps to make available to the association the loss and expense experience of insurers previously writing medical malpractice insurance in this state.

Subd. 4. All policies issued by the association are subject to a non-profit group retrospective rating plan approved by the commissioner under which the final premium for the insureds of the association, as a group, will be equal to the administrative expenses, loss and loss adjustment expenses and taxes, plus a reasonable allowance for contingencies and servicing. Policyholders shall be given full credit for all investment income, net of expenses and a reasonable management fee, on policyholder supplied funds. The standard premium, before retrospective adjustment, for each policy issued by the association shall be established for portions of the policy period coinciding with the association's fiscal year on the basis of the association's rates, rating plans, rating rules, rating classifications and territories then in effect. The maximum premium for all policyholders of the association, as a group, shall be limited as provided in sections 2 to 15.

Subd. 5. The commissioner shall examine the business of the association as often as he deems appropriate to insure that the group retrospective rating plan is operating in a manner consistent with sections 2 to 15. If he finds that the operation is deficient or inconsistent with sections 2 to 15, he may order the association to take corrective action.

Subd. 6. The association shall certify to the commissioner the estimated amount of any deficit remaining after the stabilization reserve fund has been exhausted in payment of the maximum final premium for all policyholders of the association. Within 60 days after such certification, the commissioner shall authorize the association to recover the members' respective shares of the deficit by one of the following procedures:

(a) Applying a surcharge determined by the association at a rate not to exceed two percent of the annual premiums on future policies affording those kinds of insurance which form the basis for their participation in the association; or

(b) Deducting the members' share of the deficit from past or future premium taxes due the state. If the commissioner fails to authorize a procedure in 60 days, the association may recover its deficit pursuant to clause (b). The association shall submit an amended certification and shall adjust the recovery procedure as its incurred losses become finalized.

Subd. 7. If sufficient funds are not available for the sound financial operation of the association, pending recovery as provided in subdivision 6, all members shall, on a temporary basis contribute to the association in the manner provided in section 8. The contribution shall be reimbursed to the members by the recovery procedure authorized in subdivision 6.

Sec. 8. [PARTICIPATION.] *A member of the association shall participate in its writings, expenses, servicing allowance, management fees and losses in the proportion that the net direct premiums of the member, excluding that portion of premiums attributable to the operation of the association, written during the preceding calendar year bears to the aggregate net direct premiums written in this state by all members. The member's participation in the association shall be determined annually on the basis of net direct premiums written during the preceding calendar year, as reported in the annual statements and other reports filed by the member with the commissioner.*

Sec. 9. [PROCEDURES.] *Subdivision 1. Beginning on the effective date of the plan of operation, a licensed health care provider may apply to the association for medical malpractice insurance. An application may be made by an authorized agent of the health care provider.*

Subd. 2. If the association determines that the applicant meets the underwriting standards of the association as described in the plan of operation and there is no unpaid, uncontested premium due from the applicant for prior insurance, including failure to make written objection to premium charges within 30 days after billing, the association, upon receipt of the premium or portion thereof as is prescribed in the plan of operation, shall issue a policy of medical malpractice insurance.

Sec. 10. [STABILIZATION RESERVE FUND.] *Subdivision 1. There is created a stabilization reserve fund administered by three directors, as follows: the commissioner; a representative of the association appointed by the commissioner; and a representative of the policyholders of the association, appointed by the commissioner.*

Subd. 2. The directors shall act by majority vote with two directors constituting a quorum for the transaction of any business or the exercise of any power of the fund. The directors shall serve without salary, but shall be reimbursed for expenses in the manner provided for state employees. The directors shall not be subject to personal liability or accountability in the administration of the fund.

Subd. 3. Each policyholder shall pay to the association a stabilization reserve fund charge of 33 percent of each premium payment due for insurance through the association. This charge shall be separately stated in the policy. The association shall cancel the policy of any policyholder who fails to pay the stabilization reserve fund charge.

Subd. 4. The association shall promptly pay into the stabilization reserve fund charges which it collects from its policyholders and any retrospective premium refunds payable under the group retrospective rating plan.

Subd. 5. All moneys paid into the fund shall be held in trust by a corporate trustee selected by the directors. The corporate trustee may invest the moneys held in trust, subject to the approval of the directors. All investment income shall be credited to the fund. All

expenses of administration of the fund shall be charged against the fund. The moneys held in trust shall be used solely for the purpose of discharging when due any retrospective premium charges payable by policyholders of the association under the group retrospective rating plan. Payment of retrospective premium charges shall be made by the directors upon certification to them by the association of the amount due. If all moneys accruing to the fund are exhausted in payment of retrospective premium charges, all liability and obligations of the association's policyholders with respect to the payment of retrospective premium charges shall terminate and shall be conclusively presumed to have been discharged. Any moneys remaining in the fund after all retrospective premium charges have been paid shall be returned to policyholders under procedures authorized by the directors.

Sec. 11. [INVESTIGATION.] *The commissioner shall investigate the association at least annually. The investigation shall be conducted and a report filed in the manner prescribed in section 60A.031. The expenses of the examination shall be paid by the association in the manner prescribed by section 60A.03, subdivision 5.*

Sec. 12. [PRIVILEGED COMMUNICATIONS.] *No cause of action of any nature shall arise against the association, the commissioner or his authorized representatives or any other person or organization, for any statements made in good faith by them during any proceedings or concerning any matters within the scope of sections 2 to 15.*

Sec. 13. [APPEALS AND JUDICIAL REVIEW.] *Any applicant to the association, any person insured pursuant to sections 2 to 15, or their representatives, or any affected insurer, may appeal to the commissioner within 30 days after any ruling, action or decision by or on behalf of the association, with respect to those items the plan of operation defines as appealable matters.*

Sec. 14. [PUBLIC OFFICERS OR EMPLOYEES.] *No director of the stabilization reserve fund who is otherwise a public officer or employee shall forfeit his office or employment or lose the rights and privileges pertaining thereto, by reason of membership on the board of directors of the stabilization reserve fund.*

Sec. 15. [ANNUAL STATEMENTS.] *On March 1 of each year the association shall file with the commissioner, a report of its transactions, financial condition, and operations during the preceding year. The report shall be in a form approved by the commissioner. The commissioner may at any time require the association to furnish additional information to assist in evaluating the scope, operation and experience of the association.*

Sec. 16. *Sections 2 to 15 of this act shall expire two years after their effective date.*

Sec. 17. *Sections 2 to 16 of this act shall be effective the day following final enactment."*

Further, strike the title and insert:

"A bill for an act relating to insurance; establishing a temporary joint underwriting association for medical malpractice insurance; requiring membership; setting standards; providing for appeals; recovery of contributions and reporting of financial conditions; extending the required inclusion of chiropractic services under group accident and health policies and subscriber contracts; amending Minnesota Statutes 1974, Section 62A.15, by adding a subdivision."

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

House Conferees: (Signed) Harry A. Sieben, Bill Luther, Maurice McCollar

Senate Conferees: (Signed) Roger Laufenburger, Al Kowalczyk, John Milton

Mr. Laufenburger moved that the foregoing recommendations and Conference Committee Report on H. F. No. 348 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

Mr. Laufenburger moved that H. F. No. 348 be laid on the table. The motion prevailed.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1865, and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 1865: A bill for an act relating to crimes; providing increased sentences for persons convicted of certain second or subsequent violations of theft; prescribing penalties; amending Minnesota Statutes 1974, Section 609.52, Subdivision 3.

House File No. 1865 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted April 2, 1976

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1865

A bill for an act relating to crimes; providing increased sentences for persons convicted of certain second or subsequent violations of theft; prescribing penalties; amending Minnesota Statutes 1974, Section 609.52, Subdivision 3.

April 1, 1976

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

The Honorable Alec G. Olson
President of the Senate

We, the undersigned conferees for H. F. No. 1865 report that we have agreed upon the items in dispute and recommend that H. F. No. 1865 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1974, Section 152.15, is amended to read:

152.15 [VIOLATIONS; PENALTIES.] Subdivision 1. Any person who violates section 152.09, subdivision 1, clause (1) with respect to:

(1) A controlled substance classified in Schedule I or II which is a narcotic drug, is guilty of a crime and upon conviction ~~may shall~~ be imprisoned for ~~not more than 15 years or fined not more than \$25,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than one year nor more than 30 years or fined not more than \$50,000, or both 6 years ;~~

(2) Any other controlled substance classified in Schedule I, II, or III, is guilty of a crime and upon conviction ~~may shall~~ be imprisoned for ~~not more than five years, fined not more than \$15,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than one year nor more than ten years or fined not more than \$30,000, or both two years ;~~

(3) A substance classified in Schedule IV, is guilty of a crime and upon conviction ~~may shall~~ be imprisoned for ~~not more than three years, fined not more than \$10,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than six months nor more than six years or fined not more than \$20,000, or both one year and one day ;~~

(4) A substance classified in Schedule V, is guilty of a crime and upon conviction may be imprisoned for not more than one year, fined not more than \$1,000, or both;

(5) The distribution of a small amount of marijuana for no remuneration, shall be treated as provided in subdivision 2, clause (5).

Subd. 2. Any person who violates section 152.09, subdivision 1, clause (2), with respect to:

(1) A controlled substance classified in Schedule I or II which is a narcotic drug, is guilty of a crime and upon conviction ~~may shall~~ be imprisoned for ~~not more than five years or fined not more than \$5,000, or both two years ;~~

(2) Any other controlled substance classified in Schedule I, II, or III, is guilty of a crime and upon conviction ~~may shall~~ be imprisoned for ~~not more than three years, fined not more than \$3,000, or both one year and one day ;~~

(3) A substance classified in Schedule IV, is guilty of a crime

and upon conviction ~~may shall~~ be imprisoned for ~~not more than three years, fined not more than \$3,000, or both one year and one day ;~~

(4) A substance classified in Schedule V, is guilty of a crime and upon conviction may be imprisoned for not more than one year, fined not more than \$1,000, or both; provided, however, that any person convicted under this section of possessing a substance classified under Schedule V or a small amount of marijuana, and placed on probation may be required to take part in a drug education program as specified by the court;

(5) A small amount of marijuana is guilty of a misdemeanor. A subsequent violation of this clause within one year is a misdemeanor, and a person so convicted may be required to participate in a medical evaluation. A person who is the owner of a private motor vehicle, or the driver of the motor vehicle if the owner is not present, and who possesses on his person or knowingly keeps or allows to be kept in a motor vehicle within the area of the vehicle normally occupied by the driver or passengers more than .05 ounce of marijuana is guilty of a misdemeanor. This area of the vehicle shall not include the trunk of the motor vehicle when such vehicle is equipped with a trunk or another area of the vehicle not normally occupied by the driver or passengers if the vehicle is not equipped with a trunk. A utility or glove compartment shall be deemed to be within the area occupied by the driver and passengers.

Subd. 3. Any person who violates section 152.09, subdivision 2, is guilty of a crime and upon conviction ~~may shall~~ be imprisoned for ~~not more than four years, or fined not more than \$30,000, or both one year and six months .~~

Subd. 4. Any person 18 years of age or over who violates section 152.09, subdivision 1, clause (1), by distributing a controlled substance listed in Schedules I or II which is a narcotic drug to a person under 18 years of age who is at least three years his junior ~~is punishable shall be punished by the fine authorized by section 152.15, subdivision 1, clause (1); by a term of imprisonment of up to twice that authorized by section 152.15, subdivision 1, clause (1) ; or by both .~~ Any person 18 years of age or over who violates section 152.09, subdivision 1, by distributing any other controlled substance listed in Schedules I, II, III, IV, and V, except marijuana, to a person under 18 years of age who is at least three years his junior ~~is punishable shall be punished by the fine authorized by section 152.15, subdivision 1, clauses (2), (3), or (4), by a term of imprisonment up to twice that authorized required by section 152.15, subdivision 1, clauses (2), (3), or (4) ; or both .~~

Subd. 5. Any person convicted of a second or subsequent offense under Laws 1971, Chapter 937, except as provided in subdivision 1, clauses (1), (2), (3) and (5) ~~may be imprisoned for a term up to twice the term otherwise authorized, fined an amount up to twice that otherwise authorized, or both.~~

Sec. 2. [DEFINITIONS.] *Subdivision 1. For purposes of sec-*

tions 2 to 11, the following terms shall have the meanings given them.

Subd. 2. "Inmate" means any person convicted of a felony and confined in a state correctional institution.

Subd. 3. "Commissioner" means the commissioner of corrections or his designee.

Subd. 4. "Correctional institution" means any institution under the operational authority of the commissioner of corrections.

Subd. 5. "Crime against the person" means murder in the first degree, murder in the second degree, murder in the third degree, manslaughter in the first degree, aggravated assault, aggravated robbery, kidnapping, false imprisonment, criminal sexual conduct in the first degree, criminal sexual conduct in the second degree, criminal sexual conduct in the third degree, aggravated arson and burglary, as described under section 609.58, subdivision 2, clause (1) (b).

Sec. 3. [DETERMINATE SENTENCING.] After a person has been convicted of a felony and sentenced to imprisonment, the court shall immediately place that person in the commissioner's custody. That person shall serve the determinate sentence provided by law for the crime of his conviction and he shall not be paroled or otherwise released from the correctional institution wherein he is confined until that determinate sentence expires, except as is provided in section 8 of this act, and except as his sentence is reduced by any good time earned.

Sec. 4. [MUTUAL AGREEMENT PROGRAMS.] The commissioner of corrections shall draft, at the request of an inmate and within 90 days after assuming custody of the inmate, a mutual agreement program. The mutual agreement program shall be drafted after a post-conviction investigation of the inmate has been made by the commissioner. In drafting a mutual agreement program, the commissioner shall also refer to any presentence investigation which has been made of the inmate. The agreement shall provide the following:

(a) A program of vocational or educational training with specific chronological and achievement objectives, including completion of specified educational and vocational programs;

(b) Frequent and regular evaluation of the inmate by the commissioner; and

(c) A consideration of any educational qualifications or skills of the inmate when specifying certain types of work expectations.

In addition, the agreement may specify participation of the inmate in non-institutional or extra-institutional programs.

The inmate may decline to enter into the agreement. Whether or not an inmate consents to participate in a mutual agreement program, he shall serve the sentence imposed by the sentencing court, reduced by good time credited.

Sec. 5. [MUTUAL AGREEMENT PROGRAM; INMATE'S RIGHTS.] *Subdivision 1. The inmate shall have the right to appeal to the commissioner if he believes the terms of his agreement have been violated. The commissioner shall promptly investigate any appeal filed under this subdivision and shall take appropriate action if he determines the terms of the mutual agreement program have been violated.*

Subd. 2. The inmate and his counsel shall be informed of and have the right to inspect the inmate's records, including any evaluations of his progress in fulfilling the terms of his mutual agreement program.

Sec. 6. [OTHER PROGRAMS.] *The commissioner shall, to the extent made feasible by appropriations, provide programs with rehabilitative or therapeutic objectives for those inmates who desire to voluntarily participate. These programs shall include, but not be limited to, programs in the areas of chemical dependency and alcoholism.*

Sec. 7. [GOOD TIME.] *By April 1, 1977, the commissioner shall promulgate, pursuant to chapter 15, rules specifying offenses which may result in denial of "good time" and the amount of "good time" which may be denied as a result of each offense. Each sentence imposed for a felony offense shall be reduced in duration by one day for each day during which the inmate violates no "good time" rules as promulgated by the commissioner. In no case shall an individual offense result in the denial of more than 30 days of "good time". In no case shall "good time" earned be taken away. The denial of "good time" shall be considered to be a disciplinary measure taken against an inmate, and the procedure for denial of "good time" and the inmate's rights in that process shall be those in effect for disciplinary procedures in each correctional institution on March 1, 1976.*

Sec. 8. [CONDITIONAL RELEASE.] *Subdivision 1. If the mutual agreement program requires participation in noninstitutional or extra-institutional programs, or the commissioner determines that an inmate should participate in noninstitutional or extra-institutional programs with rehabilitative or therapeutic objectives, and the inmate consents to participate in these programs, the commissioner may conditionally release the participating inmate under the provisions of section 241.26.*

Subd. 2. If consistent with the public interest, the commissioner may also, under rules prescribed by him, conditionally release any inmate in his custody to any point within the state for up to five days. These releases may be granted to assist the inmate with family needs, with personal health needs, or his reintegration into society. No inmate may receive more than three releases under this subdivision within any 12 month period.

Sec. 9. [POST-RELEASE PROGRAMS.] *Upon the completion of the term to which an inmate is sentenced, as reduced by "good time" earned, the commissioner shall offer to the inmate a voluntary program not to exceed six months designed to facilitate reintegration of the inmate into society. The program may include such assistance as aid in finding employment and housing.*

Sec. 10. [241.046] [TRANSFER OF POWERS AND DUTIES FROM MINNESOTA CORRECTIONS AUTHORITY.] *Subdivision 1. Except as provided in this section, the provisions of sections 1 to 90*

shall not apply to persons convicted of a felony committed before April 1, 1977.

Subd. 2. The Minnesota corrections authority shall retain all powers and duties vested in and imposed upon it through December 30, 1978, with relation to persons sentenced for crimes committed before April 1, 1977. On December 31, 1978, all the powers and duties vested in and imposed upon the Minnesota corrections authority as then constituted, including but not limited to those relating to the disposition of persons committed to the authority by the district courts of this state and issuing final discharge to persons convicted of crimes and committed to the authority, shall be transferred to and imposed upon the commissioner of corrections, and the corrections authority shall be abolished.

Subd. 3. The provisions of sections 1 to 90 shall apply to all persons convicted of a felony committed on or after April 1, 1977.

Subd. 4. Nothing in sections 1 to 90 shall be deemed to limit the powers and duties otherwise provided by law to the commissioner of corrections with regard to the management of correctional institutions or the disposition of inmates unless those powers and duties are inconsistent with the provisions of sections 1 to 90, in which case those powers and duties shall be superseded by the provisions of sections 1 to 90.

Subd. 5. All references in Minnesota Statutes to the Minnesota corrections authority relating to persons committed to the authority by the district courts of this state shall, on and after December 31, 1978, be deemed to refer to the commissioner of corrections.

Subd. 6. The Minnesota corrections authority shall take into consideration the sentence terms and sentence reductions provided in sections 1 to 90, and the penal philosophy therein embodied in its deliberations relative to parole, probation, release, or other disposition of inmates who commit the offenses giving rise to their sentences before April 1, 1977.

Sec. 11. Minnesota Statutes 1974, Section 401.13, is amended to read:

401.13 [CHARGES MADE TO COUNTIES.] Each participating county will be charged a sum equal to the per diem cost of confinement of those persons committed to the commissioner or the youth conservation commission corrections board after August 1, 1973, and confined in a state institution. Provided, however, that no charge shall be made for those persons convicted of offenses for which the penalty provided by law exceeds five three years, ~~nor shall~~ or for which mandatory terms of imprisonment are required by law. The amount charged a participating county for the costs of confinement shall not exceed the amount of subsidy to which the a county is eligible. The commissioner shall annually determine costs and deduct them from the subsidy due and payable to the respective participating counties. All charges shall be a charge upon the county of commitment.

Sec. 12. Minnesota Statutes 1974, Section 609.03, is amended to read:

609.03 [PUNISHMENT WHEN NOT OTHERWISE FIXED.]

If a person is convicted of a crime for which no punishment is otherwise provided he may be sentenced as follows:

(1) If the crime is a felony, to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years ; or~~

(2) If the crime is a gross misdemeanor, to imprisonment for not more than one year or to payment of a fine of not more than \$1,000, or both; or

(3) If the crime is a misdemeanor, to imprisonment for not more than 90 days or to payment of a fine of not more than \$300, or both; or

(4) If the crime is other than a misdemeanor and a fine is imposed but the amount is not specified, to payment of a fine of not more than \$500, or to imprisonment for a specified term of not more than six months if the fine is not paid.

Sec. 13. Minnesota Statutes 1974, Section 609.10, is amended to read:

609.10 [SENTENCES AVAILABLE.] *Subdivision 1.* Upon conviction of a felony and compliance with the other provisions of this chapter the court, if it imposes sentence, may sentence the defendant ~~to the extent authorized by law as follows:~~

~~(1) To life imprisonment; or~~

~~(2) To imprisonment for a maximum term of years fixed by the court; or~~

~~(3) To an indeterminate term of imprisonment which shall be deemed to be for the maximum term authorized by law; or~~

~~(4) To both imprisonment and payment of a fine; or~~

~~(5) To payment of a fine without imprisonment or to imprisonment if the fine is not paid, unless the sentence is to an extended term of imprisonment, increase or decrease the statutory time period of the sentence by up to 15 percent. If the length of the sentence imposed is increased or decreased, consecutive sentences imposed for multiple offenses, or an extended term of imprisonment is imposed, the sentencing court shall state the reasons for the increase, decrease, imposition of consecutive sentences, or imposition of an extended term in a memorandum accompanying the imposition of sentence.~~

Subd. 2. An appeal from the district court to the supreme court of the increased or decreased sentence or consecutive sentences or an extended term imposed may be filed by a defendant.

Subd. 3. On appeal pursuant to subdivision 2 the supreme court may review the sentence imposed to determine whether the sentence is inconsistent with statutory requirements, is unjustifiably disparate in comparison with cases of a similar nature, or is excessive, unreasonable or inappropriate under the circumstances. This

power shall be in addition to all other powers of review presently existing or hereafter conferred by law. Upon consideration of the appeal, the supreme court may dismiss the appeal, affirm, reduce, vacate, or set aside the sentence imposed, remand the case and direct the entry of an appropriate sentence or order, or direct such further proceedings to be had as may be required under the circumstances. The supreme court shall state the reasons for its actions except when the appeal is dismissed or the sentence is affirmed.

Subd. 4. The procedure for taking an appeal under this section shall follow the criminal rules of procedure for an appeal to the supreme court. A dismissal of an appeal brought under this section shall not prejudice any aspect of an appeal brought under any other section.

Subd. 5. When an appeal is filed, the clerk of the district court shall certify to the supreme court transcripts of the proceedings, records, reports, documents, and other information relating to the offense of the defendant and to the sentence imposed on him as the supreme court by rule or order may require. Any report or document contained in the record on appeal shall be available to the defendant to the extent that it was available in the trial court.

Subd. 6. This section shall not be construed to confer or enlarge any right of a defendant to be released following his conviction pending a determination of his application for leave to appeal or pending an appeal under this section.

Sec. 14. Minnesota Statutes 1974, Section 609.135, Subdivision 1, is amended to read:

609.135 [STAY OF IMPOSITION OR EXECUTION OF SENTENCE.] Subdivision 1. ~~Except when a sentence of life imprisonment is required by law~~ Except as herein provided, any court, including a justice of the peace to the extent otherwise authorized by law, may stay imposition or execution of sentence and place the defendant on probation with or without supervision and on such terms as the court may prescribe. 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, by the commissioner of corrections, or in any case by some other suitable and consenting person.

The execution or imposition of sentence may not be stayed:

(a) upon a conviction for a violation of sections 609.185, 609.19, 609.342; or

(b) in any case in which the defendant is convicted of a second or subsequent crime against the person and during the commission of each of those crimes, he had on his person a firearm or used another dangerous weapon. Provided that each conviction must arise from a separate course of conduct; or

(c) upon the conviction of the defendant for at least his third felony violation within a ten year period, if the violations arose out of at least three separate courses of conduct; provided that

(1) at least one of the felony violations was a crime against the person; or

(2) in the commission of at least one of the felonies the defendant had on his person a firearm or used another dangerous weapon.

Sec. 15. [EXTENDED TERM.] Subdivision 1. An extended term hearing shall be held in any case where the imposition or execution of sentence is not permitted to be stayed. An extended term of imprisonment may be imposed if:

(1) Notice is served on the defendant or on his attorney advising him of the hearing at least 14 days prior to the hearing; and

(2) A summary hearing, at which the defendant is entitled to be heard on the issues raised and to be represented by counsel, is held pursuant to the notice to consider evidence for and against the imposition of an extended term of imprisonment; and

(3) The court finds:

(a) that the defendant in the commission of the felony for which he is presently being sentenced inflicted on another death or permanent or protracted loss of the function of any bodily member or organ; or

(b) that the defendant has been convicted of at least three felony offenses within a ten year period, including the felony violation giving rise to the hearing, if the violations arose out of at least three separate courses of conduct; provided that

(1) at least one of the felony violations was a crime against the person; or

(2) in the commission of at least one of the felonies the defendant had on his person a firearm or used another dangerous weapon.

The provisions of this clause shall apply if the prior convictions occurred in the state or were for similar crimes prosecuted in another state or federal court.

Sec. 16. Minnesota Statutes 1974, Section 609.145, Subdivision 1, is amended to read:

609.145 [CREDIT FOR PRIOR IMPRISONMENT.] Subdivision 1. When a person has been imprisoned pursuant to a conviction which is set aside and is thereafter convicted of a crime growing out of the same act or omission, the ~~maximum~~ period of imprisonment to which he may be is sentenced is reduced by the period of the prior imprisonment and the time earned thereby in diminution of sentence. If sentence is for less than this maximum, the prior imprisonment and time earned in diminution of sentence shall be credited toward the sentence unless the court otherwise directs.

Sec. 17. Minnesota Statutes 1974, Section 609.165, Subdivision 2, is amended to read:

Subd. 2. The discharge may be:

(1) By order of the court following stay of sentence or stay of execution of sentence; or

(2) By order of the Minnesota corrections authority prior to expiration of sentence; or

(3) Upon expiration of sentence *as reduced by good time earned, if any*.

Sec. 18. Minnesota Statutes 1974, Section 609.17, Subdivision 4, is amended to read:

Subd. 4. *An attempt to commit a crime is punishable as follows: Whoever attempts to commit a crime may punishable as a felony shall be sentenced as follows:*

~~(1) If the maximum sentence provided for the crime is life imprisonment, to not more than 20 years; or~~

~~(2) For any other attempt, to not more than one half of the maximum imprisonment or fine or both provided for the crime attempted; but such maximum in any case shall not be less than imprisonment for 90 days or a fine of \$100; whoever attempts to commit any other crime may be sentenced to one half of the maximum imprisonment or fine provided for the crime attempted, but the maximum in no case shall be less than imprisonment for 90 days or a fine of \$300.~~

Sec. 19. Minnesota Statutes 1974, Section 609.175, Subdivision 2, is amended to read:

Subd. 2. [TO COMMIT CRIME.] Whoever conspires with another to commit a crime and in furtherance of the conspiracy one or more of the parties does some overt act in furtherance of such conspiracy ~~may be sentenced as follows:~~

~~(1) May be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than \$300, or both if the crime intended is a misdemeanor; by a sentence to imprisonment for not more than 90 days or to payment of a fine of not more than \$300, or both; or~~

~~(2) May be sentenced to imprisonment or to payment of a fine of not more than one half the imprisonment or fine provided if the crime intended is murder in the first degree or treason; to imprisonment for not more than 20 years a gross misdemeanor; or~~

~~(3) If the crime intended is any other felony or a gross misdemeanor, Shall be sentenced to imprisonment or to payment of a fine of not more than for one half the imprisonment or fine provided for that if the crime intended is a felony or gross misdemeanor or both.~~

Sec. 20. Minnesota Statutes, 1975 Supplement, Section 609.185, is amended to read:

609.185 [MURDER IN THE FIRST DEGREE.] Whoever does either of the following is guilty of murder in the first degree and shall be sentenced to ~~imprisonment for life a term of 20 years:~~

(1) Causes the death of a human being with premeditation and with intent to effect the death of such person or of another; or

(2) Causes the death of a human being while committing or attempting to commit criminal sexual conduct in the first or second degree with force or violence, either upon or affecting such person or another.

Sec. 21. Minnesota Statutes 1974, Section 609.19, is amended to read:

609.19 [MURDER IN THE SECOND DEGREE.] Whoever causes the death of a human being with intent to effect the death of such person or another, but without premeditation, is guilty of murder in the second degree and *may shall* be sentenced to imprisonment for ~~not more than 40~~ 16 years.

Sec. 22. Minnesota Statutes 1974, Section 609.195, is amended to read:

609.195 [MURDER IN THE THIRD DEGREE.] Whoever, without intent to effect the death of any person, causes the death of another by either of the following means, is guilty of murder in the third degree and *may shall* be sentenced to imprisonment for ~~not more than 25~~ ten years:

(1) Perpetrates an act eminently dangerous to others and evincing a depraved mind, regardless of human life; or

(2) Commits or attempts to commit a felony upon or affecting the person whose death was caused or another, except rape or sodomy with force or violence within the meaning of section 609.185.

Sec. 23. Minnesota Statutes 1974, Section 609.20, is amended to read:

609.20 [MANSLAUGHTER IN THE FIRST DEGREE.] Whoever does any of the following is guilty of manslaughter in the first degree and *may shall* be sentenced to imprisonment for ~~not more than 15 years or to payment of a fine of not more than \$15,000, or both six years :~~

(1) Intentionally causes the death of another person in the heat of passion provoked by such words or acts of another as would provoke a person ~~or~~ of ordinary self-control under like circumstances; or

(2) Causes the death of another in committing or attempting to commit a crime with such force and violence that death of or great bodily harm to any person was reasonably foreseeable, and murder in the first or second degree was not committed thereby; or

(3) Intentionally causes the death of another person because the actor is coerced by threats made by someone other than his co-conspirator and which cause him reasonably to believe that his act is the only means of preventing imminent death to himself or another.

Sec. 24. Minnesota Statutes 1974, Section 609.205, is amended to read:

609.205 [MANSLAUGHTER IN THE SECOND DEGREE.] Whoever causes the death of another by any of the following means is guilty of manslaughter in the second degree and ~~may~~ *shall* be sentenced to imprisonment for ~~not more than seven years~~ or to payment of a fine of not more than \$7,000, or both *three years* :

(1) By his culpable negligence whereby he creates an unreasonable risk, and consciously takes chances of causing death or great bodily harm to another; or

(2) By shooting another with a firearm or other dangerous weapon as a result of negligently believing him to be a deer or other animal; or

(3) By setting a spring gun, pit fall, deadfall, snare, or other like dangerous weapon or device; or

(4) By negligently or intentionally permitting any animal, known by him to have vicious propensities, to go at large, or negligently failing to keep it properly confined, and the victim was not at fault.

Sec. 25. Minnesota Statutes 1974, Section 609.21, is amended to read:

609.21 [CRIMINAL NEGLIGENCE RESULTING IN DEATH.] Whoever operates a vehicle as defined in Minnesota Statutes, Section 169.01, Subdivision 2, or an aircraft or watercraft, in a grossly negligent manner and thereby causes the death of a human being not constituting murder or manslaughter is guilty of criminal negligence in the operation of a vehicle resulting in death and ~~may~~ *shall* be sentenced to imprisonment for ~~not more than five years~~ or to payment of a fine of not more than \$5,000, or both *two years* .

Sec. 26. Minnesota Statutes 1974, Section 609.215, is amended to read:

609.215 [SUICIDE.] Subdivision 1. [AIDING SUICIDE.] Whoever intentionally advises, encourages, or assists another in taking his own life ~~may~~ *shall* be sentenced to imprisonment for ~~not more than 15 years~~ or to payment of a fine of not more than \$15,000, or both *six years* .

Subd. 2. [AIDING ATTEMPTED SUICIDE.] Whoever intentionally advises, encourages, or assists another who attempts but fails to take his own life ~~may~~ *shall* be sentenced to imprisonment for ~~not more than seven years~~ or to payment of a fine of not more than \$7,000, or both *three years* .

Sec. 27. Minnesota Statutes 1974, Section 609.225, is amended to read:

609.225 [AGGRAVATED ASSAULT.] Subdivision 1. Whoever assaults another and inflicts great bodily harm ~~may~~ *shall* be sen-

tenced to imprisonment for ~~not more than ten years or to payment of a fine of not more than \$10,000, or both four years~~ .

Subd. 2. Whoever assaults another with a dangerous weapon but without inflicting great bodily harm ~~may shall~~ be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~ .

Sec. 28. Minnesota Statutes 1974, Section 609.235, is amended to read:

609.235 [USE OF DRUGS TO INJURE OR FACILITATE CRIME.] Whoever administers to another or causes another to take any poisonous, stupefying, overpowering, narcotic or anesthetic substance with intent thereby to injure or to facilitate the commission of a crime ~~may shall~~ be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~ .

Sec. 29. Minnesota Statutes 1974, Section 609.24, is amended to read:

609.24 [SIMPLE ROBBERY.] Whoever, knowing he is not entitled thereto, takes personal property from the person or in the presence of another and uses or threatens the imminent use of force against any person to overcome his resistance or powers of resistance to, or to compel acquiescence in, the taking or carrying away of the property is guilty of robbery and ~~may shall~~ be sentenced to imprisonment for ~~not more than ten years or to payment of a fine of not more than \$10,000, or both four years~~ .

Sec. 30. Minnesota Statutes 1974, Section 609.245, is amended to read:

609.245 [AGGRAVATED ROBBERY.] Whoever, while committing a robbery, is armed with a dangerous weapon or inflicts bodily harm upon another is guilty of aggravated robbery and ~~may shall~~ be sentenced to imprisonment for ~~not more than 20 years or to payment of a fine of not more than \$20,000, or both eight years~~ .

Sec. 31. Minnesota Statutes 1974, Section 609.25, Subdivision 2, is amended to read:

Subd. 2. [SENTENCE.] Whoever violates subdivision 1 ~~may shall~~ be sentenced as follows:

(1) If the victim is released in a safe place without great bodily harm, to imprisonment for ~~not more than 20 years or to payment of a fine of not more than \$20,000, or both eight years~~ ; or

(2) Otherwise to imprisonment for ~~not more than 40 years or to payment of a fine of not more than \$40,000, or both 16 years~~ .

Sec. 32. Minnesota Statutes 1974, Section 609.255, is amended to read:

609.255 [FALSE IMPRISONMENT.] Whoever, knowing he has no lawful authority to do so, intentionally confines or restrains a child not his own under the age of 18 years without his

parent's or legal custodian's consent, or any other person without his consent, is guilty of false imprisonment and ~~may shall~~ be sentenced to imprisonment for ~~not more than three years or to payment of a fine of not more than \$3,000, or both one year and one day.~~

Sec. 33. Minnesota Statutes 1974, Section 609.26, is amended to read:

609.26 [DETAINING OWN CHILD.] Whoever intentionally detains his own child under the age of 18 years outside the state of Minnesota, with intent to deny another's rights under an existing court order may be sentenced to imprisonment for not more than ~~two years~~ *one year* or to payment of a fine or not more than ~~\$2,000~~ *\$1,000*, or both.

Sec. 34. Minnesota Statutes 1974, Section 609.27, Subdivision 2, is amended to read:

Subd. 2. [SENTENCE.] Whoever violates subdivision 1 ~~may shall~~ be sentenced as follows:

(1) To imprisonment for not more than 90 days or to payment of a fine of not more than \$300, or both if neither the pecuniary gain received by the violator nor the loss suffered by the person threatened or another as a result of the threat exceeds \$100, or the benefits received or harm sustained are not susceptible of pecuniary measurement; or

(2) To imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~, if such pecuniary gain or loss is more than \$100 but less than \$2,500; or

(3) To imprisonment for ~~not more than ten years or to payment of a fine of not more than \$10,000, or both four years~~, if such pecuniary gain or loss is \$2,500, or more.

Sec. 35. Minnesota Statutes 1974, Section 609.31, is amended to read:

609.31 [LEAVING THE STATE TO EVADE ESTABLISHMENT OF PATERNITY.] Whoever with intent to evade proceedings to establish his paternity leaves the state knowing that a woman with whom he has had sexual intercourse is pregnant or has given birth within the previous 60 days to a living child may be sentenced to imprisonment for not more than ~~two years~~ *one year* or to payment of a fine of not more than ~~\$2,000~~ *\$1,000*, or both.

Sec. 36. Minnesota Statutes 1974, Section 609.32, is amended to read:

609.32 [PROSTITUTION.] Subdivision 1. [DEFINITIONS.] (1) "Prostitution" means engaging or offering or agreeing to engage for hire in sexual intercourse, as defined in section 609.29, or sodomy as defined in section 609.293, subdivision 1.

(2) A "place of prostitution" is a house or other place where prostitution is practiced or from which prostitution is promoted.

Subd. 2. [ACTS PROHIBITED.] Whoever intentionally does any of the following *may shall* be sentenced to imprisonment for ~~not more than ten years or to payment of a fine of not more than \$10,000, or both four years :~~

(1) Solicits or induces another under the age of 18 years to practice prostitution; or

(2) Being a parent, guardian, or other custodian of the person of a child under the age of 18 years consents to his being taken or detained for the purposes of prostitution.

Subd. 3. [OTHER ACTS PROHIBITED.] Whoever intentionally does any of the following *may shall* be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years :~~

(1) Keeps a place of prostitution; or

(2) Leases or otherwise permits premises owned by him or under his control to be used as a place of prostitution; or

(3) Solicits or induces another over the age of 18 years to practice prostitution; or

(4) Solicits another under the age of 18 years to have sexual intercourse or to commit sodomy with a prostitute or admits him to a place of prostitution; or

(5) Engages as a prostitute in an act of sexual intercourse or sodomy with another under the age of 18 years; or

(6) Transports a prostitute from one place of prostitution within the state to another such place within or without the state, or brings a prostitute into the state, for the purpose of prostitution.

Subd. 4. [FURTHER ACTS PROHIBITED.] Whoever intentionally does any of the following may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$1,000, or both:

(1) Engages in prostitution; or

(2) Is supported in whole or in part by the earnings of a prostitute; or

(3) Solicits for a prostitute, directs, takes, or transports another to a prostitute or place of prostitution, or brings a prostitute to him, for the purpose of sexual intercourse or sodomy with a prostitute.

(4) Hires or offers or agrees to hire another person to engage in sexual intercourse or sodomy.

Sec. 37. Minnesota Statutes, 1975 Supplement, Section 609.342, is amended to read:

609.342 [CRIMINAL SEXUAL CONDUCT IN THE FIRST DEGREE.] A person is guilty of criminal sexual conduct in the first degree and *may shall* be sentenced to imprisonment for ~~not~~

more than 20 *eight* years, if he engages in sexual penetration with another person and if any of the following circumstances exists:

(a) The complainant is under 13 years of age and the actor is more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or

(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 and in a position of authority over the complainant, and uses this authority to coerce the complainant to submit. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or

(c) Circumstances existing at the time of the act cause the complainant to have a reasonable fear of imminent great bodily harm to the complainant or another; or

(d) The actor is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit; or

(e) The actor causes personal injury to the complainant, and either of the following circumstances exist:

(i) The actor uses force or coercion to accomplish sexual penetration; or

(ii) The actor knows or has reason to know that the complainant is mentally defective, mentally incapacitated, or physically helpless; or

(f) The actor is aided or abetted by one or more accomplices within the meaning of section 609.05, and either of the following circumstances exists:

(i) An accomplice uses force or coercion to cause the complainant to submit; or

(ii) An accomplice is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant reasonably to believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit.

Sec. 38. Minnesota Statutes, 1975 Supplement, Section 609.343, is amended to read:

609.343 [CRIMINAL SEXUAL CONDUCT IN THE SECOND DEGREE.] A person is guilty of criminal sexual conduct in the second degree and *may shall* be sentenced to imprisonment for ~~not more than 15~~ *six* years if he engages in sexual contact with another person and if any of the following circumstances exists:

(a) The complainant is under 13 years of age and the actor is more than 36 months older than the complainant. Neither mis-

take as to the complainant's age nor consent to the act by the complainant is a defense; or

(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 and in a position of authority over the complainant, and uses this authority to coerce the complainant to submit. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or

(c) Circumstances existing at the time of the act cause the complainant to have a reasonable fear of imminent great bodily harm to the complainant or another; or

(d) The actor is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the dangerous weapon to cause the complainant to submit; or

(e) The actor causes personal injury to the complainant, and either of the following circumstances exists:

(i) The actor uses force or coercion to accomplish the sexual contact; or

(ii) The actor knows or has reason to know that the complainant is mentally defective, mentally incapacitated, or physically helpless; or

(f) The actor is aided or abetted by one or more accomplices within the meaning of section 609.05, and either of the following circumstances exists:

(i) An accomplice uses force or coercion to cause the complainant to submit; or

(ii) An accomplice is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit.

Sec. 39. Minnesota Statutes, 1975 Supplement, Section 609.344, is amended to read:

609.344 [CRIMINAL SEXUAL CONDUCT IN THE THIRD DEGREE.] A person is guilty of criminal sexual conduct in the third degree and may *shall* be sentenced to imprisonment for ~~not more than ten~~ *four* years, if he engages in sexual penetration with another person and 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; or

(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

and not in a position of authority over 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, he ~~may~~ *shall* be sentenced to imprisonment for ~~not more than five~~ *two* years. Consent by the complainant is not a defense; or

(c) The actor uses force or coercion to accomplish the penetration; or

(d) The actor knows or has reason to know that the complainant is mentally defective, mentally incapacitated, or physically helpless.

Sec. 40. Minnesota Statutes, 1975 Supplement, Section 609.345, is amended to read:

609.345 [CRIMINAL SEXUAL CONDUCT IN THE FOURTH DEGREE.] A person is guilty of criminal sexual conduct in the fourth degree and ~~may~~ *shall* be sentenced to imprisonment for ~~not more than five~~ *two* years, if he engages in sexual contact with another person and if any of the following circumstances exists:

(a) The complainant is under 13 years of age and the actor is no less 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; or

(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 coerce 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 reasonably believes the complainant to be 16 years of age or older; or

(c) The actor uses force or coercion to accomplish the sexual contact; or

(d) The actor knows or has reason to know that the complainant is mentally defective, mentally incapacitated, or physically helpless.

Sec. 41. Minnesota Statutes 1974, Section 609.355, Subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING.] Whoever does any of the following is guilty of bigamy and ~~may~~ *shall* be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000 or both two years :~~

(1) Contracts a marriage in this state with knowledge that his prior marriage is not dissolved; or

(2) Contracts a marriage in this state with knowledge that the prior marriage of the person he marries is not dissolved; or

(3) Cohabits in this state with a person whom he married outside this state with knowledge that his own prior marriage has not been dissolved or with knowledge that the prior marriage of the person he married had not been dissolved.

Sec. 42. Minnesota Statutes 1974, Section 609.365, is amended to read:

609.365 [INCEST.] Whoever has sexual intercourse with another nearer of kin to him than first cousin, computed by rules of the civil law, whether of the half or the whole blood, with knowledge of the relationship, is guilty of incest and ~~may shall~~ be sentenced to imprisonment for ~~not more than ten~~ *four* years.

Sec. 43. Minnesota Statutes 1974, 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 minor child or a pregnant wife continues for a period in excess of 90 days such person is guilty of a felony and ~~may shall~~ be sentenced to imprisonment for ~~not more than five~~ *two* years.

Sec. 44. Minnesota Statutes 1974, Section 609.39, is amended to read:

609.39 [MISPRISION OF TREASON.] Whoever, owing allegiance to this state and having knowledge of the commission of treason against this state, does not, as soon as may be, disclose and make known the same to the governor or a judge of the supreme court or of the district court, is guilty of misprison of treason against this state and ~~may shall~~ be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both~~ *two years*.

Sec. 45. Minnesota Statutes 1974, Section 609.395, is amended to read:

609.395 [STATE MILITARY FORCES; INTERFERING WITH, OBSTRUCTING, OR OTHER.] Whoever, when the United States is at war, does either of the following ~~may shall~~ be sentenced to imprisonment for ~~not more than 20 years or to payment of a fine of not more than \$20,000, or both~~ *eight years* :

(1) Intentionally makes or conveys false reports or statements with intent to interfere with the operation or success of the military or naval forces of this state, or

(2) Intentionally causes or incites insubordination, disloyalty, mutiny, or refusal of duty in the military or naval forces of this state, or obstructs the recruiting or enlistment service of this state.

Sec. 46. Minnesota Statutes 1974, Section 609.405, Subdivision 2, is amended to read:

Subd. 2. [ACTS PROHIBITED.] Whoever does any of the following ~~may shall~~ be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both~~ *two years* :

(1) Orally or by means of writing advocates or promotes the doctrine of criminal syndicalism; or

(2) Intentionally organizes or becomes a member of any assembly, group, or organization which he knows is advocating or promoting the doctrine of criminal syndicalism; or

(3) For or on behalf of another person, distributes, sells, publishes, or publicly displays any writing, which is intended by that person to be used to, and which does, advocate or promote the doctrine of criminal syndicalism.

Sec. 47. Minnesota Statutes 1974, Section 609.42, Subdivision 1, is amended to read:

609.42 [BRIBERY.] Subdivision 1. [ACTS CONSTITUTING.] Whoever does any of the following is guilty of bribery and ~~may~~ *shall* be sentenced to imprisonment for ~~not more than ten years or to payment of a fine of not more than \$10,000, or both four years :~~

(1) Offers, gives, or promises to give, directly or indirectly, to any public officer or employee any benefit, reward or consideration to which he is not legally entitled with intent thereby to influence such officer or employee with respect to the performance of his powers or duties as such officer or employee; or

(2) Being a public officer or employee, requests, receives or agrees to receive, directly or indirectly, any such benefit, reward or consideration upon the understanding that he will be so influenced; or

(3) Offers, gives, or promises to give, directly or indirectly any such benefit, reward, or consideration to a witness or one who is about to become a witness in a proceeding before a judicial or hearing officer, with intent that his testimony be influenced thereby, or that he will absent himself from the proceeding; or

(4) By any other means induces a witness or one who is about to become a witness to withhold his true testimony or to absent himself from the proceeding; or

(5) Is, or is about to become such witness and requests, receives, or agrees to receive, directly or indirectly, any such benefit, reward, or consideration upon the understanding that his testimony will be so influenced, or that he will absent himself from the proceeding; or

(6) Accepts directly or indirectly a benefit, reward or consideration upon an agreement or understanding, express or implied, that he will refrain from giving information that may lead to the prosecution of a crime or purported crime or that he will abstain from, discontinue, or delay prosecution therefor, except in a case where a compromise is allowed by law.

Sec. 48. Minnesota Statutes 1974, Section 609.425, is amended to read:

609.425 [CORRUPTLY INFLUENCING LEGISLATOR.] Whoever by menace, deception, concealment of facts, or other

corrupt means, attempts to influence the vote or other performance of duty of any member of the legislature or person elected thereto *may shall* be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000; or both two years .~~

Sec. 49. Minnesota Statutes 1974, Section 609.445, is amended to read:

609.445 [FAILURE TO PAY OVER STATE FUNDS.] Whoever receives money on behalf of or for the account of the state or any of its agencies or subdivisions and intentionally refuses or omits to pay the same to the state or its agency or subdivision entitled thereto, or to an officer or agent authorized to receive the same, *may shall* be sentenced to imprisonment for ~~not more than three years or to payment of a fine of not more than \$3,000; or both one year and one day .~~

Sec. 50. Minnesota Statutes 1974, Section 609.455, is amended to read:

609.455 [PERMITTING FALSE CLAIMS AGAINST GOVERNMENT.] A public officer or employee who audits, allows, or pays any claim or demand made upon the state or subdivision thereof or other governmental instrumentality within the state which he knows is false or fraudulent in whole or in part, *may shall* be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000; or both two years .~~

Sec. 51. Minnesota Statutes 1974, Section 609.465, is amended to read:

609.465 [PRESENTING FALSE CLAIMS TO PUBLIC OFFICER OR BODY.] Whoever, with intent to defraud, presents a claim or demand, which to his knowledge is false in whole or in part, for audit, allowance or payment to a public officer or body authorized to make such audit, allowance or payment is guilty of an attempt to commit theft of public funds and *may shall* be sentenced accordingly.

Sec. 52. Minnesota Statutes 1974, Section 609.48, Subdivision 1, is amended to read:

609.48 [PERJURY.] Subdivision 1. [ACTS CONSTITUTING.] Whoever makes a false material statement which he does not believe to be true in any of the following cases is guilty of perjury and *may shall* be sentenced as provided in subdivision 4:

(1) In or for an action, hearing or proceeding of any kind in which the statement is required or authorized by law to be made under oath or affirmation; or

(2) In any writing which is required or authorized by law to be under oath or affirmation; or

(3) In any other case in which the penalties for perjury are imposed by law and no specific sentence is otherwise provided.

Sec. 53. Minnesota Statutes 1974, Section 609.48, Subdivision 4, is amended to read:

Subd. 4. [SENTENCE.] Whoever violates this section ~~may~~ *shall* be sentenced as follows:

(1) If the false statement was made upon the trial of a felony charge, or upon an application for an explosives license or use permit, to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years ; or~~

(2) In all other cases, to imprisonment for ~~not more than three years or to payment of a fine of not more than \$3,000, or both one year and one day .~~

Sec. 54. Minnesota Statutes 1974, Section 609.485, Subdivision 4, is amended to read:

Subd. 4. [SENTENCE.] Whoever violates this section ~~may~~ *shall* be sentenced as follows:

(1) If the person who escapes is in lawful custody on a charge or conviction of a felony, to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years .~~

(2) If such charge or conviction is for a gross misdemeanor, to imprisonment for not more than one year or to payment of a fine of not more than \$1,000, or both.

(3) If such charge or conviction is for a misdemeanor, to imprisonment for not more than 90 days or to payment of a fine of not more than \$300, or both.

(4) If the escape was effected by violence or threat of violence against a person, the sentence ~~may~~ *shall* be increased to ~~not more than~~ twice those permitted in clauses (1), (2), and (3).

(5) Unless a concurrent term is specified by the court, a sentence under this section shall be consecutive to any sentence previously imposed or which may be imposed for any crime or offense for which the person was in custody when he escaped .

Sec. 55. Minnesota Statutes 1974, Section 609.495, Subdivision 1, is amended to read:

609.495 [AIDING AN OFFENDER TO AVOID ARREST.] Subdivision 1. Whoever harbors, conceals or aids another known by him 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~~ *shall* be sentenced to imprisonment for ~~not more than three years or to payment of a fine of not more than \$3,000, or both one year and one day .~~

Sec. 56. Minnesota Statutes, 1975 Supplement, Section 609.52, Subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING THEFT.] Whoever does any of the following commits theft and ~~may~~ *shall* be sentenced as provided in subdivision 3:

(1) Intentionally and without claim of right takes, uses, trans-

fers, conceals or retains possession of movable property of another without his consent and with intent to deprive the owner permanently of possession of the property; or

(2) Having a legal interest in movable property, intentionally and without consent, takes such property out of the possession of a pledgee or other person having a superior right of possession, with intent thereby to deprive the pledgee or other person permanently of the possession of the property; or

(3) Obtains for himself or another the possession, custody or title to property of a third person by intentionally deceiving him with a false representation which is known to be false, made with intent to defraud, and which does defraud the person to whom it is made. "False representation" includes without limitation:

(a) The issuance of a check, draft, or order for the payment of money or the delivery of property knowing that he is not entitled to draw upon the drawee therefor or to order the payment or delivery thereof; or

(b) A promise made with intent not to perform. Failure to perform is not evidence of intent not to perform unless corroborated by other substantial evidence; or

(c) The unauthorized use of a credit card, credit plate, charge plate, or other identification device issued by an organization to a person for use in purchasing goods on credit; or

(4) By swindling, whether by artifice, trick, device, or any other means, obtains property from another person; or

(5) Intentionally commits any of the acts listed in this subdivision but with intent to exercise temporary control only and;

(a) The control exercised manifests an indifference to the rights of the owner or the restoration of the property to him; or

(b) He pledges or otherwise attempts to subject the property to an adverse claim; or

(c) He intends to restore the property only on condition that the owner pay a reward or buy back or make other compensation; or

(6) Finds lost property and, knowing or having reasonable means of ascertaining the true owner, appropriates it to his own use or to that of another not entitled thereto without first having made reasonable effort to find the owner and offer and surrender the property to him; or

(7) Intentionally obtains property or services, offered upon the deposit of a sum of money or tokens in a coin or token operated machine or other receptacle, without making the required deposit or otherwise obtaining the consent of the owner; or

(8) Intentionally and without claim of right converts any article representing a trade secret, knowing it to be such, to his own use or that of another person or makes a copy of an article representing a trade secret, knowing it to be such, and intentionally and without claim of right converts the same to his own use or that of another

person. It shall be a complete defense to any prosecution under this clause for the defendant to show that information comprising the trade secret was rightfully known or available to him from a source other than the owner of the trade secret; or

(9) Leases or rents personal property under a written instrument and who with intent to place such property beyond the control of the lessor conceals or aids or abets the concealment of such property or any part thereof, or any lessee of such property who sells, conveys or encumbers such property or any part thereof without the written consent of the lessor, without informing the person to whom he sells, conveys, or encumbers that the same is subject to such lease and with intent to deprive the lessor of possession thereof. Evidence that a lessee used a false or fictitious name or address in obtaining such property or fails or refuses to return such property to lessor within five days after written demand for such return has been served personally in the manner provided for service of process of a civil action or sent by registered or certified mail to the last known address of the lessee, whichever shall occur later, shall be evidence of intent to violate this clause. Service by certified or registered mail shall be deemed to be complete upon deposit in the United States mail of such demand, postpaid and addressed to such person at the address for such person set forth in the lease or rental agreement, or, in the absence of such address, to such person's last known place of residence; or

(10) Alters, removes or obliterates numbers or symbols placed on movable property for purpose of identification by the owner or person who has legal custody or right to possession thereof with the intent to prevent identification, if the person who alters, removes or obliterates the numbers or symbols is not the owner and does not have the permission of the owner to make the alteration, removal or obliteration.

Sec. 57. Minnesota Statutes 1974, Section 609.52, Subdivision 3, is amended to read:

Subd. 3. [SENTENCE.] Whoever commits theft ~~may~~ *shall* be sentenced as follows:

(1) To imprisonment for ~~not more than ten years or to payment of a fine of not more than \$10,000 or both four years~~, if the value of the property or services stolen exceeds \$2,500; or

(2) To imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~, if the value of the property or services is more than \$100 but not more than \$2,500; or

(3) To imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~, notwithstanding the value of the property or services is not more than \$100, if any of the following circumstances exist:

(a) The property is taken from the person of another or from a corpse, or grave or coffin containing a corpse; or

(b) The property taken is a record of a court or officer, or a writing, instrument or record kept, filed or deposited according to law with or in the keeping of any public officer or office; or

(c) The property is taken from a burning building or upon its removal therefrom, or from an area of destruction caused by civil disaster, riot, bombing, or the proximity of battle; or

(d) The property taken consists of public funds belonging to the state or to any political subdivision or agency thereof; or

(4) To imprisonment for ~~not more than ten years or to payment of a fine of not more than \$10,000, or both four years~~, if the property stolen is an article representing a trade secret; or if the property stolen is an explosive or an incendiary device; or

(5) In all other cases where the value of the property or services is \$100 or less, to imprisonment for not more than 90 days or to payment of a fine of not more than \$300, or both, provided, however, in any prosecution under clause (1), clause (2), clause (3) (a) and (c), and clause (4) of subdivision 2 the value of the money or property received by the defendant in violation of any one or more of the above provisions within any six month period may be aggregated and the defendant charged accordingly in applying the provisions of this subdivision; provided that when two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

Sec. 58. Minnesota Statutes, 1975 Supplement, Section 609.521, is amended to read:

609.521 [POSSESSION OF SHOPLIFTING GEAR.] Whoever has in his possession any device, gear, or instrument specially designed to assist in shoplifting with intent to use the same to shoplift and thereby commit theft ~~may shall~~ be sentenced to imprisonment for ~~not more than three years or to payment of a fine of not more than \$3,000, or both one year and one day~~.

Sec. 59. Minnesota Statutes 1974, Section 609.525, Subdivision 1, is amended to read:

609.525 [BRINGING STOLEN GOODS INTO STATE.] Subdivision 1. Whoever brings property into the state which he has stolen outside the state, or received outside of the state knowing it to have been stolen, ~~may shall~~ be sentenced in accordance with the provisions of section 609.52, subdivision 3. He may be charged, indicted, and tried in any county, but not more than one county, into or through which he has brought such property.

Sec. 60. Minnesota Statutes 1974, Section 609.53, Subdivision 1, is amended to read:

609.53 [RECEIVING STOLEN GOODS.] Subdivision 1. Any person who receives, buys or conceals any stolen property or property obtained by robbery, knowing the same to be stolen or obtained by robbery, ~~may shall~~ be sentenced as follows:

(1) If the value of the property received, bought or concealed is \$100 or more, to imprisonment for ~~not more than ten years or to payment of a fine of not more than \$10,000, or both four years~~ ;

(2) If the value of the property received, bought or concealed is less than \$100, to punishment as a misdemeanor.

Sec. 61. Minnesota Statutes 1974, Section 609.53, Subdivision 3, is amended to read:

Subd. 3. Any person convicted of a second or subsequent violation under subdivision 2 within a period of one year *may shall* be sentenced as provided in subdivision 1, clause (1).

Sec. 62. Minnesota Statutes 1974, Section 609.54, is amended to read:

609.54 [EMBEZZLEMENT OF PUBLIC FUNDS.] Whoever does an act which constitutes embezzlement under the provisions of Minnesota Constitution, Article IX, Section 12 *may shall* be sentenced as follows:

(1) If the value of the funds so embezzled is \$2,500, or less, to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years ; or~~

(2) If such value is more than \$2,500, to imprisonment for ~~not more than ten years or to payment of a fine of not more than \$10,000, or both four years .~~

Sec. 63. Minnesota Statutes 1974, Section 609.55, Subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING.] Whoever intentionally takes or drives a motor vehicle without the consent of the owner or his authorized agent *may shall* be sentenced to imprisonment for ~~not more than three years or to payment of a fine of not more than \$2,000, or both one year and one day .~~

Sec. 64. Minnesota Statutes, 1975 Supplement, Section 609.551, Subdivision 1, is amended to read:

609.551 [RUSTLING AND LIVESTOCK THEFT; PENALTIES.] Subdivision 1. Whoever intentionally and without claim of right shoots, kills, takes, uses, transfers, conceals or retains possession of live cattle, swine or sheep or the carcasses thereof belonging to another without his consent and with the intent to permanently deprive the owner thereof *may shall* be sentenced as follows:

(a) If the value of the animals which are shot, killed, taken, used, transferred, concealed or retained exceeds \$2,500, the defendant *may shall* be sentenced to imprisonment for ~~not more than ten four years ; and may be fined up to \$10,000 ;~~

(b) If the value of the animals which are shot, killed, taken, used, transferred, concealed or retained exceeds \$100 but is less than \$2,500, the defendant *may shall* be sentenced to imprisonment for ~~not more than five two years ; and may be fined up to \$5,000 ;~~

(c) If the value of the animals which are shot, killed, taken, used, transferred, concealed, or retained is \$100 or less, the defendant *may* be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than \$300 or both.

Sec. 65. Minnesota Statutes 1974, Section 609.56, is amended to read:

609.56 [AGGRAVATED ARSON.] Whoever, by means of fire or explosives, intentionally destroys or damages a dwelling house or other

property, real or personal, whether his own or that of another, and thereby creates an imminent danger to life or risk of great bodily harm commits aggravated arson and ~~may~~ *shall* be sentenced to imprisonment for ~~not more than 25 years or to payment of a fine of not more than \$25,000, or both ten years~~ if the danger or risk was known or reasonably foreseeable.

Sec. 66. Minnesota Statutes 1974, Section 609.565, is amended to read:

609.565 [SIMPLE ARSON.] Whoever, by means of fire or explosives, intentionally damages or destroys any property of another without his consent is guilty of simple arson, if the act does not constitute aggravated arson, and ~~may~~ *shall* be sentenced as follows:

(1) To imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~, if:

(a) The property intended by the actor to be damaged or destroyed had a value of \$100 or more; or

(b) Property of the value of \$100 or more was unintentionally damaged or destroyed by 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 \$100 or more; or

(2) To imprisonment for not more than 90 days or to payment of a fine of not more than \$300, or both in all other cases.

Sec. 67. Minnesota Statutes 1974, Section 609.58, Subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING.] Whoever enters a building without the consent of the person in lawful possession, with intent to commit a crime therein, or whoever remains within a building without the consent of the person in lawful authority, with intent to commit a crime therein, commits burglary and ~~may~~ *shall* be sentenced as follows:

(1) To imprisonment for ~~not more than 20 years or to payment of a fine of not more than \$20,000, or both eight years~~, if:

(a) When entering or while in the building, he possesses an explosive or tool to gain access to money or property; or

(b) The building entered is a dwelling and he possesses a dangerous weapon when entering or while in the building or he commits an assault upon a person present therein; or

(c) The portion of the building entered contains a banking business or other business of receiving securities or other valuable papers for deposit or safekeeping, the entry is with force or threat of force, the intent is to steal or commit a felony therein.

(2) To imprisonment for ~~not more than ten years or to payment of a fine of not more than \$10,000, or both four years~~, if the

building entered is a dwelling and another person not an accomplice is present therein.

(3) In any other case, to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~, if the intent is to steal or commit a felony or gross misdemeanor or to imprisonment for not more than one year or to payment of a fine of not more than \$1,000, or both, if the intent is to commit a misdemeanor.

Sec. 68. Minnesota Statutes 1974, Section 609.59, is amended to read:

609.59 [POSSESSION OF BURGLARY TOOLS.] Whoever has in his possession any device, explosive, or other instrumentality with intent to use or permit the use of the same to commit burglary may *shall* be sentenced to imprisonment for ~~not more than three years or to payment of a fine of not more than \$3,000, or both one year and one day~~.

Sec. 69. Minnesota Statutes 1974, Section 609.595, Subdivision 1, is amended to read:

609.595 [DAMAGE TO PROPERTY.] Subdivision 1. [AGGRAVATED CRIMINAL DAMAGE TO PROPERTY.] Whoever intentionally causes damage to physical property of another without the latter's consent *may shall* be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~, if:

(1) The damage to the property caused a reasonably foreseeable risk of bodily harm; or

(2) The property damaged belongs to a public utility or a common carrier and the damage impairs the service to the public rendered by them; or

(3) The damage reduces the value of the property by more than \$100 measured by the cost of repair or replacement, whichever is less.

Sec. 70. Minnesota Statutes 1974, Section 609.60, is amended to read:

609.60 [DANGEROUS TRESPASSES AND OTHER ACTS.] Whoever intentionally does any of the following is guilty of a misdemeanor; except, if to his knowledge a risk of death or bodily harm or serious property damage is thereby created, he *may shall* be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~:

(1) Smokes in the presence of explosives or inflammable materials; or

(2) Interferes with or obstructs the prevention or extinguishing of any fire, or disobeys the lawful orders of a law enforcement officer or fireman present at the fire; or

(3) Shows a false light or signal or interferes with any light,

signal, or sign controlling or guiding traffic upon a highway, railway track, navigable waters, or in the air; or

(4) Places an obstruction upon a railroad track; or

(5) Exposes another or his property to an obnoxious or harmful gas, fluid or substance, with intent to injure, molest, or coerce.

Sec. 71. Minnesota Statutes 1974, Section 609.61, is amended to read:

609.61 [DEFRAUDING INSURER.] Whoever burns, destroys, or otherwise damages any property with intent to defraud an insurer of that property, when aggravated arson is not committed thereby, ~~may shall~~ be sentenced to imprisonment for ~~not more than three years or to payment of a fine of not more than \$3,000, or both one year and one day .~~

Sec. 72. Minnesota Statutes 1974, Section 609.615, is amended to read:

609.615 [DEFEATING SECURITY ON REALTY.] Whoever removes or damages real property which is subject to a mortgage, mechanic's lien, or contract for deed, with intent to impair the value of the security, without the consent of the security holder, ~~may shall~~ be sentenced as follows:

(1) If the value of the property is impaired by \$100 or less, to imprisonment for not more than 90 days or to payment of a fine of not more than \$300, or both; or

(2) If the value of the property is impaired by more than \$100, to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years .~~

Sec. 73. Minnesota Statutes 1974, Section 609.62, Subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING.] Whoever, with intent to defraud, does any of the following may be sentenced to imprisonment for not more than ~~two years one year~~ or to payment of a fine of not more than ~~\$2,000 \$1,000~~ , or both:

(1) Conceals, removes, or transfers any personal property in which he knows that another has a security interest; or

(2) Being an obligor and knowing the location of the property refuses to disclose the same to an obligee entitled to possession thereof.

Sec. 74. Minnesota Statutes 1974, Section 609.625, is amended to read:

609.625 [AGGRAVATED FORGERY.] Subdivision 1. [MAKING OR ALTERING WRITING OR OBJECT.] Whoever, with intent to defraud, falsely makes or alters a writing or object of any of the following kinds so that it purports to have been made by another or by himself under an assumed or fictitious name, or at another time, or with different provisions, or by authority of one who did not give such authority, is guilty of aggravated

forgery and ~~may shall~~ be sentenced to imprisonment for ~~not more than ten years or to payment of a fine of not more than \$10,000, or both four years :~~

(1) A writing or object whereby, when genuine, legal rights, privileges, or obligations are created, terminated, transferred, or evidence, or any writing normally relied upon as evidence of debt or property rights; or

(2) An official seal or the seal of a corporation; or

(3) A public record or an official authentication or certification of a copy thereof; or

(4) An official return or certificate entitled to be received as evidence of its contents; or

(5) A court order, judgment, decree, or process; or

(6) The records or accounts of a public body, office, or officer; or

(7) The records or accounts of a bank or person, with whom funds of the state or any of its agencies or subdivisions are deposited or entrusted, relating to such funds.

Subd. 2. [MEANS FOR FALSE REPRODUCTION.] Whoever, with intent to defraud, makes, engraves, possesses or transfers a plate or instrument for the false reproduction of a writing or object mentioned in subdivision 1 ~~may shall~~ be sentenced as provided in subdivision 1.

Subd. 3. [UTTERING OR POSSESSING.] Whoever, with intent to defraud, utters or possesses with intent to utter any forged writing or object mentioned in subdivision 1, knowing it to have been so forged, ~~may shall~~ be sentenced as provided in subdivision 1.

Sec. 75. Minnesota Statutes 1974, Section 609.63, is amended to read:

609.63 [FORGERY.] Subdivision 1. Whoever, with intent to injure or defraud, does any of the following is guilty of forgery and ~~may shall~~ be sentenced to imprisonment for ~~not more than three years or to payment of a fine of not more than \$3,000, or both one year and one day :~~

(1) Uses a false writing, knowing it to be false, for the purpose of identification or recommendation; or

(2) Without consent, places, or possesses with intent to place, upon any merchandise an identifying label or stamp which is or purports to be that of another craftsman, tradesman, packer, or manufacturer, or disposes or possesses with intent to dispose of any merchandise so labeled or stamped; or

(3) Falsely makes or alters a membership card purporting to be that of a fraternal, business, professional, or other association, or of any labor union, or possesses any such card knowing it to have been thus falsely made or altered; or

(4) Falsely makes or alters a writing, or possesses a falsely made or altered writing, evidencing a right to transportation on a common carrier; or

(5) Destroys, mutilates, or by alteration, false entry or omission, falsifies any record, account, or other document relating to a private business; or

(6) Without authority of law, destroys, mutilates, or by alteration, false entry, or omission, falsifies any record, account, or other document relating to a person, corporation, or business, or filed in the office of, or deposited with, any public office or officer; or

(7) Destroys a writing or object to prevent it from being produced at a trial, hearing, or other proceeding authorized by law.

Subd. 2. Whoever, with knowledge that it is forged, offers in evidence in any trial, hearing or other proceedings authorized by law, as genuine, any forged writing or object *may shall* be sentenced as follows:

(1) If the writing or object is offered in evidence in the trial of a felony charge, to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years ;~~ or

(2) In all other cases, to imprisonment for ~~not more than three years or to payment of a fine of not more than \$3,000, or both one year and one day .~~

Sec. 76. Minnesota Statutes 1974, Section 609.635, is amended to read:

609.635 [OBTAINING SIGNATURE BY FALSE PRETENSE.] Whoever, by false pretense, obtains the signature of another to a writing which is a subject of forgery under section 609.625, subdivision 1, *may shall* be punished as therein provided.

Sec. 77. Minnesota Statutes 1974, Section 609.64, is amended to read:

609.64 [RECORDING, FILING OF FORGED INSTRUMENT.] Whoever intentionally presents for filing, registering, or recording, or files, registers, or records a false or forged instrument relating to or affecting real or personal property in a public office entitled to file, register, or record such instrument when genuine *may shall* be sentenced to imprisonment for ~~not more than three years or to payment of a fine of not more than \$3,000, or both one year and one day .~~

Sec. 78. Minnesota Statutes 1974, Section 609.645, is amended to read:

609.645 [FRAUDULENT STATEMENTS.] Whoever, with intent to injure or defraud, does any of the following *may shall* be sentenced to imprisonment for ~~not more than three years or to payment of a fine of not more than \$3,000, or both one year and one day :~~

(1) Circulates or publishes a false statement, oral or written, relating to a corporation, association, or individual, intending thereby to give a false apparent value to securities issued or to be issued by, or to the property of, such corporation, association, or individual; or

(2) Makes a false ship's or airplane's manifest, invoice, register, or protest.

Sec. 79. Minnesota Statutes 1974, Section 609.65, is amended to read:

609.65 [FALSE CERTIFICATION BY NOTARY PUBLIC.] Whoever, when acting or purporting to act as a notary public or other public officer, certifies falsely that an instrument has been acknowledged or that any other act was performed by a party appearing before him or that as such notary public or other public officer he performed any other official act *may shall* be sentenced as follows:

(1) If he so certifies with intent to injure or defraud, to imprisonment for ~~not more than three years or to payment of a fine of not more than \$3,000, or both one year and one day~~ ; or

(2) In any other case, to imprisonment for not more than 90 days or to payment of a fine of not more than \$300, or both.

Sec. 80. Minnesota Statutes 1974, 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 *may shall* be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~ .

Sec. 81. Minnesota Statutes 1974, Section 609.71, is amended to read:

609.71 [RIOT.] 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 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 his knowledge any other participant, is armed with a dangerous weapon or is disguised, *he shall be sentenced* to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~ .

Sec. 82. Minnesota Statutes 1974, Section 609.713, is amended to read:

609.713 [TERRORISTIC THREATS.] Subdivision 1. Whoever threatens 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 shall* be sentenced to imprisonment for ~~not more than five years two years~~ .

Subd. 2. Whoever communicates to another with purpose to terrorize another or in reckless disregard of the risk of causing such terror, that explosives or an explosive device or any incendiary device is present at a named place or location, whether or not the same is in fact present, ~~may~~ *shall* be sentenced to imprisonment for ~~not more than three years one year and one day~~.

Sec. 83. Minnesota Statutes 1974, Section 609.785, is amended to read:

609.785 [FRAUDULENT LONG DISTANCE TELEPHONE CALLS.] Whoever obtains long distance telephone service by intentionally requesting of the operator that the cost thereof be charged to a false or non-existent telephone or credit card number or to the telephone or credit card number of another without his authority may be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than \$300, or both, when the value of the telephone service obtained is not more than \$100; and *shall be sentenced* by imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~, if the value of the telephone service obtained in a single transaction, or in separate transactions within any six month period, is more than \$100.

Sec. 84. Minnesota Statutes 1974, Section 609.82, is amended to read:

609.82 [FRAUD IN OBTAINING CREDIT.] Whoever, with intent to defraud, obtains credit for himself or another from a bank, trust company, savings or building and loan association, or credit union, by means of a present or past false representation as to his or another's financial ability may be sentenced as follows:

(1) If no money or property is obtained by the defendant by means of such credit, to imprisonment for not more than 90 days or to payment of a fine of not more than \$300, or both; or

(2) If money or property is so obtained, the value thereof shall be determined as provided in section 609.52, subdivision 1, clause (3) and he *may shall* be sentenced as provided in section 609.52, subdivision 3.

Sec. 85. Minnesota Statutes 1974, Section 609.825, Subdivision 2, is amended to read:

Subd. 2. [ACTS PROHIBITED.] Whoever does any of the following *may shall* be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years~~:

(1) Offers, gives, or agrees to give, directly or indirectly, any benefit, reward or consideration to a participant, manager, director, or other official, or to one who intends to become such participant or official, in any sporting event, race or other contest of any kind whatsoever with intent thereby to influence such participant not to use his best effort to win or enable his team to win or to attain a maximum score or margin of victory, or to influence such official in his decisions with respect to such contest; or

(2) Requests, receives, or agrees to receive, directly or indirectly, any benefit, reward or consideration upon the understanding that he will be so influenced as such participant or official.

Sec. 86. Minnesota Statutes 1974, Section 609.83, is amended to read:

609.83 [FALSELY IMPERSONATING ANOTHER.] Whoever does either of the following *may shall* be sentenced to imprisonment for ~~not more than five years or to payment of a fine of not more than \$5,000, or both two years :~~

(1) Assumes to enter into a marriage relationship with another by falsely impersonating a third person; or

(2) By falsely impersonating another with intent to defraud him or a third person, appears, participates, or executes an instrument to be used in a judicial proceeding.

Sec. 87. [LEGISLATIVE STUDY.] *The legislative standing committees having jurisdiction over the subject matter, shall jointly study the actual and potential impact of this act on the state's criminal justice system. These committees shall report to the legislature on or before March 1, 1977, making any appropriate recommendations for legislative change.*

Sec. 88. [EFFECTIVE DATE.] *Sections 1 to 86 and 88 to 90 are effective as to crimes committed on or after April 1, 1977, except as specifically provided in section 10. Section 87 is effective the day following final enactment.*

Sec. 89. *In the next and subsequent editions of the Minnesota Statutes the revisor of statutes shall make such changes in terminology as may be necessary to record the functions, powers and duties of the commissioner of corrections as established by this act.*

Sec. 90. [REPEALER.] *Minnesota Statutes 1974, Sections 243.06; 243.14; 243.18; 246.43; 609.11, as amended by Laws 1975, Chapter 378, Section 8; 609.13, Subdivision 1; 609.155; 609.16; and 609.293, Subdivisions 2, 3, and 4, are repealed. Minnesota Statutes 1974, Sections 241.045, as amended by Laws 1975, Chapters 61, Section 4, and 304, Section 3; and 242.24 are repealed on December 31, 1978."*

Further strike the title in its entirety and insert:

"A bill for an act relating to crimes and corrections; sentencing and post conviction disposition of criminal offenders; transferring the powers and duties of the Minnesota corrections authority to the commissioner of corrections; abolishing the Minnesota corrections authority; providing for determinate sentencing; providing for a mutual agreement program; amending Minnesota Statutes 1974, Sections 152.15; 401.13; 609.03; 609.10; 609.135, Subdivision 1; 609.145, Subdivision 1; 609.165, Subdivision 2; 609.17, Subdivision 4; 609.175, Subdivision 2; 609.19; 609.195; 609.20; 609.205; 609.21; 609.215; 609.225; 609.235; 609.24; 609.245; 609.25, Subdivision 2; 609.255; 609.26; 609.27, Subdivision 2; 609.31; 609.32; 609.355, Subdivision 2; 609.365; 609.375, Subdivision 2; 609.39; 609.395; 609.405, Subdivision 2; 609.42, Subdivision 1; 609.425; 609.445;

609.455; 609.465; 609.48, Subdivisions 1 and 4; 609.485, Subdivision 4; 609.495, Subdivision 1; 609.52, Subdivision 3; 609.525, Subdivision 1; 609.53, Subdivisions 1 and 3; 609.54; 609.55, Subdivision 2; 609.56; 609.565; 609.58, Subdivision 2; 609.59; 609.595, Subdivision 1; 609.60; 609.61; 609.615; 609.62, Subdivision 2; 609.625; 609.63; 609.635; 609.64; 609.645; 609.65; 609.67, Subdivision 2; 609.71; 609.713; 609.785; 609.82; 609.825, Subdivision 2; 609.83; Minnesota Statutes, 1975 Supplement, Sections 609.185; 609.342; 609.343; 609.344; 609.345; 609.52, Subdivision 2; 609.521; and 609.551, Subdivision 1; repealing Minnesota Statutes 1974, Sections 241.045, as amended; 242.24; 243.06; 243.14; 243.18; 246.43; 609.11, as amended; 609.13, Subdivision 1; 609.155; 609.16; and 609.293, Subdivisions 2, 3, and 4."

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

House Conferees: (Signed) Ray W. Faricy, Rodney N. Searle

Senate Conferees: (Signed) Bill McCutcheon, Rolf Nelson, Jack Davies

Mr. McCutcheon moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1865 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Jensen moved a substitute motion that the Conference Committee Report on H. F. No. 1865 be rejected and that H. F. No. 1865 be returned to the Conference Committee as formerly constituted.

The question being taken on the adoption of the motion,

And the roll being called, there were yeas 12 and nays 42, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Jensen	Olson, J. L.	Schmitz
Bernhagen	Frederick	Kleinbaum	Renneke	Ueland
Blatz	Hansen, Baldy			

Those who voted in the negative were:

Arnold	Gearty	Larson	Olhoft	Stassen
Bang	Hansen, Mel	Laufenburger	Olson, A. G.	Stokowski
Berg	Hughes	Lewis	O'Neill	Stumpf
Borden	Humphrey	McCutcheon	Perpich, A. J.	Tennessen
Brataas	Josefson	Merriam	Pillsbury	Wegener
Brown	Keefe, J.	Milton	Schaaf	Willet
Coleman	Kirchner	Moe	Schrom	
Conzemius	Knutson	Nelson	Sillers	
Davies	Kowalczyk	Ogdahl	Spear	

The motion did not prevail.

The question recurred on the motion of Mr. McCutcheon to adopt the recommendations and Conference Committee Report on H. F. No. 1865. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1865: A bill for an act relating to crimes and corrections; sentencing and post conviction disposition of criminal offenders; transferring the powers and duties of the Minnesota corrections authority to the commissioner of corrections; abolishing the Minnesota corrections authority; providing for determinate sentencing; providing for a mutual agreement program; amending Minnesota Statutes 1974, Sections 152.15; 401.13; 609.03; 609.10; 609.135, Subdivision 1; 609.145, Subdivision 1; 609.165, Subdivision 2; 609.17, Subdivision 4; 609.175, Subdivision 2; 609.19; 609.195; 609.20; 609.205; 609.21; 609.215; 609.225; 609.235; 609.24; 609.245; 609.25, Subdivision 2; 609.255; 609.26; 609.27, Subdivision 2; 609.31; 609.32; 609.355, Subdivision 2; 609.365; 609.375, Subdivision 2; 609.39; 609.395; 609.405, Subdivision 2; 609.42, Subdivision 1; 609.425; 609.445; 609.455; 609.465; 609.48, Subdivisions 1 and 4; 609.485, Subdivision 4; 609.495, Subdivision 1; 609.52, Subdivision 3; 609.525, Subdivision 1; 609.53, Subdivisions 1 and 3; 609.54; 609.55, Subdivision 2; 609.56; 609.565; 609.58, Subdivision 2; 609.59; 609.595, Subdivision 1; 609.60; 609.61; 609.615; 609.62, Subdivision 2; 609.625; 609.63; 609.635; 609.64; 609.645; 609.65; 609.67, Subdivision 2; 609.71; 609.713; 609.785; 609.82; 609.825, Subdivision 2; 609.83; Minnesota Statutes, 1975 Supplement, Sections 609.185; 609.342; 609.343; 609.344; 609.345; 609.52, Subdivision 2; 609.521; and 609.551, Subdivision 1; repealing Minnesota Statutes 1974, Sections 241.045, as amended; 242.24; 243.06; 243.14; 243.18; 246.43; 609.11, as amended; 609.13, Subdivision 1; 609.155; 609.16; and 609.293, Subdivisions 2, 3, and 4.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 45 and nays 12, as follows:

Those who voted in the affirmative were:

Arnold	Conzemius	Keefe, J.	Nelson	Sillers
Asbach	Davies	Kirchner	Ogdahl	Spear
Bang	Doty	Kowalczyk	Olhoft	Stassen
Bernhagen	Gearty	Laufenburger	Olson, A. G.	Stokowski
Borden	Hansen, Mel	Lewis	O'Neill	Stumpf
Brataas	Hanson, R.	McCutcheon	Perpich, A. J.	Tennessen
Brown	Hughes	Merriam	Pillsbury	Ueland
Chenoweth	Humphrey	Milton	Schaaf	Wegener
Coleman	Josefson	Moe	Schrom	Willet

Those who voted in the negative were:

Blatz	Hansen, Baldy	Knutson	Olson, H. D.	Renneke
Dunn	Jensen	Larson	Olson, J. L.	Schmitz
Frederick	Kleinbaum			

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

The question recurred on H. F. No. 2492.

H. F. No. 2492: A bill for an act relating to environmental protection; limiting the sale and use of organic compounds known as polychlorinated biphenyls; permitting exemptions; requiring labels; providing penalties; providing for the assessment of the cost of preparing an environmental impact statement; amending Minnesota Statutes 1974, Chapter 116D, by adding a section.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

Mr. O'Neill moved that those not voting be excused from voting. The motion prevailed.

And the roll being called, there were yeas 31 and nays 30, as follows:

Those who voted in the affirmative were:

Arnold	Gearty	Lewis	Olhoft	Stumpf
Borden	Hughes	McCutcheon	Olson, A. G.	Tennessen
Brown	Humphrey	Merriam	Perpich, A. J.	Willet
Chenoweth	Keefe, J.	Milton	Schaaf	
Coleman	Keefe, S.	Moe	Schmitz	
Davies	Kleinbaum	Nelson	Spear	
Doty	Laufenburger	North	Stokowski	

Those who voted in the negative were:

Ashbach	Conzemius	Jensen	Ogdahl	Schrom
Bang	Dunn	Josefson	Olson, H. D.	Sillers
Berg	Frederick	Kirchner	Olson, J. L.	Solon
Bernhagen	Hansen, Baldy	Knutson	O'Neill	Stassen
Blatz	Hansen, Mel	Kowalczyk	Pillsbury	Ueland
Brataas	Hanson, R.	Larson	Renneke	Wegener

So the bill failed to pass.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. O'Neill moved that H. F. No. 424 be recalled from the House of Representatives for further consideration. The motion prevailed.

Mr. Laufenburger moved that H. F. No. 348 be taken from the table. The motion prevailed.

H. F. No. 348: A bill for an act relating to insurance; establishing a temporary joint underwriting association for medical malpractice insurance; requiring membership; setting standards; providing for appeals; recovery of contributions and reporting of financial conditions; extending the required inclusion of chiropractic services under group accident and health policies and subscriber contracts; amending Minnesota Statutes 1974, Section 62A.15, by adding a subdivision.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Arnold	Dunn	Kirchner	North	Sillers
Bang	Frederick	Kleinbaum	Ogdahl	Solon
Berg	Gearty	Knutson	Olhoft	Spear
Bernhagen	Hansen, Baldy	Kowalczyk	Olson, A. G.	Stassen
Blatz	Hansen, Mel	Larson	Olson, H. D.	Stokowski
Borden	Hanson, R.	Laufenburger	Olson, J. L.	Stumpf
Brataas	Hughes	Lewis	Perpich, A. J.	Tennessen
Brown	Humphrey	McCutcheon	Pillsbury	Ueland
Chenoweth	Jensen	Merriam	Renneke	Willet
Coleman	Josefson	Milton	Schaaf	
Conzemius	Keefe, J.	Moe	Schmitz	
Doty	Keefe, S.	Nelson	Schrom	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House Conference Committee on S. F. No. 1963 has been discharged and that the Speaker has appointed a new Conference Committee of three members on the part of the House.

S. F. No. 1963: A bill for an act relating to the operation of state government; raising base salaries for certain executive branch employees, judges and judicial branch employees; limiting possible increases for certain executive branch employees; requiring political subdivisions of the state to report certain salaries; providing for a report by the personnel board; extending the open meeting law to the legislature; amending Minnesota Statutes 1974, Sections 15A.081; 15A.083, as amended; 43.062, Subdivision 3; and 43.067; 471.705, Subdivision 1; and Chapter 43, by adding a section; and Minnesota Statutes, 1975 Supplement, Section 15A.081, Subdivision 1; repealing Minnesota Statutes 1974, Sections 15A.081, Subdivisions 1a and 4; 43.066; 43.069; and 487.05.

The House has appointed as such committee Messrs. Sieben, H.; Sabo and Anderson, I.

Edward A. Burdick, Chief Clerk, House of Representatives
April 2, 1976

Mr. President:

I have the honor to announce that the House has adopted the

recommendation and report of the Conference Committee on House File No. 1333, and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 1333: A bill for an act relating to coroners; providing for fees and traveling expenses; prohibiting interference with a dead body or the scene of death; prescribing penalties; amending Minnesota Statutes 1974, Sections 357.11; and 390.11, Subdivision 8.

House File No. 1333 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted April 2, 1976

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1333

A bill for an act relating to coroners; providing for fees and traveling expenses; prohibiting interference with a dead body or the scene of death; prescribing penalties; amending Minnesota Statutes 1974, Sections 357.11; and 390.11, Subdivision 8.

April 1, 1976

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

The Honorable Alec G. Olson
President of the Senate

We, the undersigned conferees for H. F. No. 1333 report that we have agreed upon the items in dispute and recommend as follows:

That the House accede to the Senate amendments.

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

House Conferees: (Signed) Gary W. Laidig, Marion O. Menning, Russell P. Stanton

Senate Conferees: (Signed) Robert J. Brown, Robert J. Schmitz, John M. Patton

Mr. Brown moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1333 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1333: A bill for an act relating to coroners; providing for fees and traveling expenses; prohibiting interference with a dead body or the scene of death; prescribing penalties; amending Minnesota Statutes 1974, Sections 357.11; and 390.11, Subdivision 8.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Arnold	Dunn	Kirchner	North	Sillers
Bang	Gearty	Kleinbaum	Ogdahl	Solon
Berg	Hansen, Baldy	Knutson	Olson, A. G.	Spear
Bernhagen	Hansen, Mel	Kowalczyk	Olson, H. D.	Stassen
Blatz	Hanson, R.	Larson	Olson, J. L.	Stokowski
Borden	Hughes	Laufenburger	Perpich, A. J.	Stumpf
Brown	Humphrey	Lewis	Pillsbury	Tennessee
Chenoweth	Jensen	McCutcheon	Renneke	Ueland
Coleman	Josefson	Merriam	Schaaf	Willet
Davies	Keefe, J.	Moe	Schmitz	
Doty	Keefe, S.	Nelson	Schrom	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 471, and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 471: A bill for an act relating to condominiums; providing for registration and disclosure prior to sale; providing penalties; amending Minnesota Statutes 1974, Section 83.26, Subdivision 1; and repealing Minnesota Statutes 1974, Chapter 515.

House File No. 471 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted April 2, 1976

CONFERENCE COMMITTEE REPORT ON H. F. NO. 471

A bill for an act relating to condominiums; providing for registration and disclosure prior to sale; providing penalties; amending Minnesota Statutes 1974, Section 83.26, Subdivision 1; and repealing Minnesota Statutes 1974, Chapter 515.

April 1, 1976

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

The Honorable Alec G. Olson
President of the Senate

We, the undersigned conferees for H. F. No. 471 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. 471 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1974, Chapter 515, is amended by adding a section to read:

[515.175] [INCORPORATION OF ASSOCIATION.] *Subsequent to July 1, 1976, an association of apartment owners shall be incorporated under Minnesota Statutes, Chapter 317 before the declaration is recorded.*

Sec. 2. Minnesota Statutes 1974, Section 515.19, is amended to read:

515.19 [CONTENTS OF BYLAWS.] *Subdivision 1.* The bylaws may provide for the following:

(a) The election from among the apartment owners of a board of directors, the number of persons constituting the same, and that the terms of at least one third of the directors shall expire annually; the powers and duties of the board; the compensation, if any, of the directors; the method of removal from office of directors; and whether or not the board may engage the services of a manager or managing agent.

(b) Method of calling meetings of the apartment owners; what percentage, if other than a majority of apartment owners, shall constitute a quorum.

(c) Election of a president from among the board of directors who shall preside over the meetings of the board of directors and of the association of apartment owners.

(d) Election of a secretary who shall keep the minute book wherein resolutions shall be recorded.

(e) Election of a treasurer who shall keep the financial records and books of account.

(f) Maintenance, repair and replacement of the common areas and facilities and payments therefor, including the method of approving payment vouchers.

(g) Manner of collecting from the apartment owners their share of the common expenses.

(h) Designation and removal of personnel necessary for the maintenance, repair and replacement of the common areas and facilities.

(i) Method of adopting and of amending administrative rules and regulations governing the details of the operation and use of the common areas and facilities.

(j) Such restrictions on and requirements respecting the use and maintenance of the apartments and the use of the common areas and facilities, not set forth in the declaration, as are designed to prevent unreasonable interference with the use of their respective apartments and of the common areas and facilities by the several apartment owners.

(k) The percentage of votes required to amend the bylaws.

(1) Other provisions as may be deemed necessary for the administration of the property consistent with sections 515.01 to 515.29.

Subd. 2. The bylaws shall provide that the association of apartment owners shall meet at least once each year. The bylaws shall specify an officer who shall, at least 21 days in advance of any annual or regularly scheduled meeting and at least seven days in advance of any other meeting, send to each apartment owner notice of the time, place and complete agenda of the meeting. The notice shall be sent by United States mail to all apartment owners of record at the address of their respective apartments and to other addresses as any of them may have designated to the officer.

Subd. 3. The bylaws shall provide that no vote in the association of apartment owners shall be deemed to inure to any apartment during the time when the apartment owner thereof is the association of apartment owners.

Subd. 4. The bylaws shall provide that an annual report be prepared by the association of apartment owners, that a copy of the report be provided to each apartment owner, and that the report contains at a minimum the following:

(a) A statement of any capital expenditures in excess of \$1,000 anticipated by the association of apartment owners during the current year or succeeding two fiscal years;

(b) A statement of the status and amount of any reserve for replacement fund and any portion of the fund designated for any specified project by the board of directors;

(c) A copy of the statement of financial condition for the association of apartment owners for the last fiscal year;

(d) A statement of the status of any pending suits or judgments in which the association of apartment owners is a party;

(e) A statement of the insurance coverage provided by the association of apartment owners; and

(f) A statement of any unpaid assessments by the association of apartment owners on individual apartments, identifying the apartment number and the amount of the unpaid assessment.

Sec. 3. Minnesota Statutes 1974, Chapter 515, is amended by adding a section to read:

[515.195] [RESTRICTIONS ON CONTROL OF CREATOR OF THE CONDOMINIUM.] *Subdivision 1. At the first annual meeting subsequent to the earlier of (a) five years from the date of recording the declaration or (b) when three-fifths of the apartment owners are other than the owner who submits the property to the provisions of Minnesota Statutes, Chapter 515, the terms of office of all then existing officers and directors shall terminate.*

Subd. 2. No contract, lease, management contract, employment contract, or lease of recreational areas or facilities, which is directly or indirectly made by or on behalf of the association of apartment owners shall be entered into for a period exceeding two years.

Sec. 4. Minnesota Statutes 1974, Chapter 515, is amended by adding a section to read:

[515.215] [DISCLOSURE REQUIREMENTS.] *Subdivision 1. Not later than 15 days prior to the closing of the first conveyance of each apartment, the vendor shall furnish to the purchaser the following:*

- (1) The purchase agreement for the apartment;*
- (2) A copy of the declaration and bylaws;*
- (3) A copy of the articles of incorporation of the association of apartment owners;*
- (4) A copy of any management contract, employment contract, or other contract affecting the use, maintenance, or access of all or part of the condominium;*
- (5) A copy of the annual operating budget for the condominium including reasonable details concerning the monthly payments by the purchaser for assessments, and monthly charges for the use, rental, or lease of any facilities;*
- (6) A copy of any lease to which it is anticipated the apartment owners or the association of apartment owners will be a party following closing;*
- (7) A copy of the floor plan of the apartment;*
- (8) A description of any recreational or other facilities which are to be used by the apartment owners and maintained by them or by the association of apartment owners and a statement as to whether or not they are to be part of the common areas and facilities.*
- (9) A statement as to whether streets within the condominium are to be dedicated to public use or maintained by the association of apartment owners; and*
- (10) In the case of condominiums containing buildings substantially completed more than five years prior to the recording of the declaration, a statement of the physical condition and state of repair of the major structural, mechanical, electrical, and plumbing components of the improvements to the extent reasonably ascertainable. The vendor is entitled to rely on the reports of architects or engineers authorized to practice their profession in this state;*
- (11) A statement of the total number of apartments in the association of apartment owners, and the number of apartments sold which shall be updated at least monthly;*
- (12) A statement concerning any plans for future development or expansion of the project, including any buildings, apartments or common areas and facilities that may be added, if the plans are used in the promotion of the project, or the plats and plans or blueprints of the future development have been prepared;*
- (13) A statement of the terms of any financing being offered by the vendor in connection with the sale of apartments;*
- (14) A statement of the provisions of any warranties offered by the vendor in connection with the sale of apartments;*

(15) *A statement of the insurance coverage that will be provided by the association of apartment owners.*

Subd. 2. Any material furnished pursuant to subdivision 1 may not be changed or amended following delivery to the purchaser, if the change or amendment would affect materially the rights of the purchaser, without first obtaining approval of the purchaser. A copy of any amendments shall be delivered promptly to the purchaser.

Subd. 3. Any vendor referred to in subdivision 1 who, in disclosing the information required pursuant to subdivisions 1 and 2, makes any untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made, in the light of circumstances under which they were made, not misleading, shall be liable to any person purchasing an apartment from him. However, no action may be maintained to enforce any liability created under this section unless brought within three years after the date of closing.

Subd. 4. The rights of purchasers under this section may not be waived in the purchase agreement and any attempted waiver is void. However, if any purchaser proceeds to closing, his right under this section to rescind is terminated.

Subd. 5. The requirements of this section do not apply to the sale of any unit which is to be occupied and used for nonresidential purposes.

Subd. 6. (a) A purchaser has an unconditional right to rescind a purchase agreement at any time within five days after the date the purchaser receives all the information contained in subdivision 1.

(b) Each purchase agreement shall prominently contain upon its face the following notice printed in bold type, stating:

"Notice to Purchaser

You are entitled to rescind this agreement at any time within five days from the day you actually receive the information required by law. Such rescission must be in writing and mailed to the vendor or his agent or his lender at the address stated in this document. Upon rescission, you will receive a refund of all moneys paid."

(c) Rescission occurs when the purchaser gives written notice of rescission to the vendor, or his agent or the lender at the address stated in the purchase agreement. Notice of rescission, if given by mail, is effective when it is deposited in a mailbox properly addressed and postage prepaid.

Subd. 7. When the purchase agreement relates to a condominium not yet formed, the applicable information required by subdivision 1, may be a proposed form."

Further, amend the title as follows:

Page 1, line 2, strike "providing for registration"

Page 1, strike lines 3 to 6, and insert: "regulating the association of apartment owners; requiring certain disclosure before initial sale of apartments; amending Minnesota Statutes 1974, Section 515.19, and Chapter 515 by adding sections."

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

House Conferees: (Signed) Neil B. Dieterich, Michael George, Ronald B. Sieloff

Senate Conferees: (Signed) Robert J. Tennesen, Jack Davies, Harmon T. Ogdahl

Mr. Tennesen moved that the foregoing recommendations and Conference Committee Report on H. F. No. 471 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 471: A bill for an act relating to condominiums; regulating the association of apartment owners; requiring certain disclosure before initial sale of apartments; amending Minnesota Statutes 1974, Section 515.19, and Chapter 515 by adding sections.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Arnold	Dunn	Kirchner	Ogdahl	Solon
Bang	Frederick	Kleinbaum	Olhoft	Spear
Berg	Gearty	Knutson	Olson, A. G.	Stassen
Bernhagen	Hansen, Baldy	Kowalczyk	Olson, H. D.	Stokowski
Blatz	Hansen, Mel	Larson	Olson, J. L.	Stumpf
Borden	Hanson, R.	Laufenburger	Perpich, A. J.	Tennesen
Brataas	Hughes	Lewis	Pillsbury	Ueland
Brown	Humphrey	McCutcheon	Renneke	Wegener
Chenoweth	Jensen	Merriam	Schaaf	Willet
Coleman	Josefson	Moe	Schmitz	
Davies	Keefe, J.	Nelson	Schrom	
Doty	Keefe, S.	North	Sillers	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 354, and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 354: A bill for an act relating to public welfare; providing for the licensing of facilities and services for the handicapped and children; prescribing penalties; amending Minnesota Statutes 1974, Section 252.28; repealing Minnesota Statutes 1974, Sections 245.78; 245.79; 245.80; 245.81; 245.82; 257.081; 257.082; 257.091; 257.101; 257.102; 257.111; 257.123; and 257.124.

House File No. 354 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted April 2, 1976

CONFERENCE COMMITTEE REPORT ON H. F. NO. 354

A bill for an act relating to public welfare; providing for the licensing of facilities and services for the handicapped and children; prescribing penalties; amending Minnesota Statutes 1974, Section 252.28; repealing Minnesota Statutes 1974, Sections 245.78; 245.79; 245.80; 245.81; 245.82; 257.081; 257.082; 257.091; 257.101; 257.102; 257.111; 257.123; and 257.124.

April 1, 1976

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

The Honorable Alec G. Olson
President of the Senate

We, the undersigned conferees for H. F. No. 354 report that we have agreed upon the items in dispute and recommend as follows:

That House File No. 354, as amended by the Senate, be further amended as follows:

Strike the Page 6, line 28 amendment placed on H. F. No. 354 by the Senate on March 26, 1976 and insert:

"(5) A private hospital whose psychiatric or chemical dependency program is located within the hospital and is reviewed by the appropriate review committee of a national professional organization whose membership is limited to medical students, enrollees in residency programs and licensed medical doctors."

We request adoption of this report and repassage of the bill.
House Conferees: (Signed) Harold J. Dahl, Bob McEachern, John R. Kaley

Senate Conferees: (Signed) Robert D. North, John Milton, Nancy Brataas

Mr. North moved that the foregoing recommendations and Conference Committee Report on H. F. No. 354 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 354: A bill for an act relating to public welfare; providing for the licensing of facilities and services for the handicapped and children; prescribing penalties; amending Minnesota Statutes 1974, Section 252.28; repealing Minnesota Statutes 1974, Sections 245.78; 245.79; 245.80; 245.81; 245.82; 257.081; 257.082; 257.091; 257.101; 257.102; 257.111; 257.123; and 257.124.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Arnold	Dunn	Kleinbaum	Olhoft	Spear
Bang	Frederick	Knutson	Olson, A. G.	Stassen
Berg	Gearty	Kowalczyk	Olson, H. D.	Stokowski
Bernhagen	Hansen, Baldy	Larson	Olson, J. L.	Stumpf
Blatz	Hansen, Mel	Laufenburger	Perpich, A. J.	Tennessee
Borden	Hanson, R.	Lewis	Pillsbury	Ueland
Brataas	Hughes	McCutcheon	Renneke	Wegener
Brown	Humphrey	Merriam	Schaaf	Willet
Chenoweth	Jensen	Moe	Schmitz	
Coleman	Keefe, J.	Nelson	Schrom	
Davies	Keefe, S.	North	Sillers	
Doty	Kirchner	Ogdahl	Solon	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1767, and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 1767: A bill for an act relating to bingo; providing penalties; amending Minnesota Statutes 1974, Section 609.75, Subdivision 3; repealing Minnesota Statutes 1974, Chapter 349.

House File No. 1767 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted April 2, 1976

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1767

A bill for an act relating to bingo; providing penalties; amending Minnesota Statutes 1974, Section 609.75, Subdivision 3; repealing Minnesota Statutes 1974, Chapter 349.

March 31, 1976

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

The Honorable Alec G. Olson
President of the Senate

We, the undersigned conferees for H. F. No. 1767 report that we have agreed upon the items in dispute and recommend as follows:

That the House accede to the Senate amendments and that H. F. No. 1767, the unofficial engrossment, be further amended as follows:

Page 5, line 3, after "assistants" insert "*who are not active members of the organization, or its auxiliary, or the spouse or surviving spouse of an active member,*"

Page 7, line 26, delete "and" and insert "or"

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

House Conferees: (Signed) Stanley J. Fudro, John J. Sarna, William H. Schreiber

Senate Conferees: (Signed) Eugene E. Stokowski, Roger D. Moe, J. Robert Stassen

Mr. Stokowski moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1767 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1767: A bill for an act relating to bingo; providing penalties; amending Minnesota Statutes 1974, Section 609.75, Subdivision 3; repealing Minnesota Statutes 1974, Chapter 349.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question being taken on the repassage of the bill, as amended by the Conference Committee,

And the roll being called, there were yeas 52 and nays 4, as follows:

Those who voted in the affirmative were:

Arnold	Frederick	Kleinbaum	Olhoft	Spear
Bang	Gearty	Knutson	Olson, A. G.	Stassen
Berg	Hansen, Mel	Kowalczyk	Olson, H. D.	Stokowsui
Bernhagen	Hanson, R.	Larson	Olson, J. L.	Stumpf
Borden	Hughes	Lewis	Perpich, A. J.	Tennessen
Brataas	Humphrey	McCutcheon	Pillsbury	Ueland
Brown	Jensen	Merriam	Renneke	Wegener
Chenoweth	Josefson	Moe	Schaaf	Willet
Davies	Keefe, J.	Nelson	Schmitz	
Doty	Keefe, S.	North	Sillers	
Dunn	Kirchner	Ogdahl	Solon	

Messrs. Blatz; Hansen, Baldy; Laufenburger and Schrom voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of three members of the House, on the amendments adopted by the House of the following Senate File:

S. F. No. 855: A bill for an act relating to metropolitan government; authorizing council regulations establishing standards and guidelines for determining matters of metropolitan significance to be adopted without specific legislative approval; pro-

viding for a joint committee to study governmental structure; amending Laws 1975, Chapter 13, Section 18, Subdivision 2.

There has been appointed as such committee on the part of the House:

Casserly, Berg and Schreiber

Senate File No. 855 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 2, 1976

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of three members of the House, on the amendments adopted by the House to the following Senate File:

S. F. No. 1644: A bill for an act relating to public welfare; establishing a senior companion program; appropriating funds.

There has been appointed as such committee on the part of the House:

Kelly, R.; Samuelson and Forsythe.

Senate File No. 1644 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 2, 1976

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2374.

H. F. No. 2374: A bill for an act relating to highway traffic regulation; requiring courts to report to the commissioner of public safety a stay of imposition of sentence granted under provisions of law relating to driving while under the influence of drugs or alcoholic beverages; amending Minnesota Statutes 1974, Sections 169.121, Subdivision 6; and 609.135, Subdivision 3.

And the House respectfully requests that a Conference Committee of three members be appointed thereon:

Luther, Dieterich and Parish have been appointed as such committee on the part of the House.

House File No. 2374 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted April 2, 1976

Mr. Humphrey moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 2374, and that a Conference Committee of 3 members be appointed by the Committee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2414:

H. F. No. 2414: A bill for an act relating to motor vehicles; motor vehicle excise tax on vehicles purchased for resale; use of motor vehicles bearing motor vehicle dealer plates; amending Minnesota Statutes 1974, Sections 168.27, Subdivision 5; 297B.-01, Subdivision 6; and Chapter 297B, by adding a section.

And the House respectfully requests that a Conference Committee of three members be appointed thereon:

Vanasek, Braun and Lindstrom have been appointed as such committee on the part of the House.

House File No. 2414 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted April 2, 1976

Mr. Davies for Mr. Conzemius moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 2414, and that a Conference Committee of 3 members be appointed by the Committee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

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. 919, and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 919: A bill for an act relating to the environment; directing creation of an environmental permits coordination unit within the environmental quality council; authorizing an optional consolidated application and hearing procedure for certain permits; directing establishment of permit information centers; appropriating money.

Senate File No. 919 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 2, 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. 840, and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 840: A bill for an act relating to the department of human rights; creating a private right of action to enforce the provisions of the human rights act in certain cases; amending Minnesota Statutes 1974, Section 363.06, Subdivision 1; and Chapter 363, by adding a section.

S. F. No. 840 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 2, 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. 1051, and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1051: A bill for an act relating to attorneys; providing for investigation of accusations against attorneys; amending Minnesota Statutes 1974, Section 481.15, by adding a subdivision.

Senate File No. 1051 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 2, 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. 1097, and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1097: A bill for an act relating to health; providing for pilot programs for dental care for senior citizens; establishing means of administration; subsidizing premiums to cover cost of services; appropriating money.

Senate File No. 1097 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 2, 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. 2288, and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 2288: A bill for an act relating to Indian affairs; renaming the board on Indian affairs; providing a change in membership for the board; creating an advisory council; changing the duties of the board; appropriating money; amending Minnesota Statutes 1974, Section 3.922, as amended.

Senate File No. 2288 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 2, 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. 1499, and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1499: A bill for an act relating to the conduct of public officials and campaigns for public office; defining "lobbying"; redefining "lobbyist" and certain other terms; providing for the filing of certain reports and statements; providing penalties; amending Minnesota Statutes 1974, Sections 10A.01, Subdivisions 2, 5, 7, 10 and 11, and by adding a subdivision; 10A.02, Subdivisions 1, 5, 8 and 11; 10A.04, Subdivision 4; 10A.07, Subdivision 1; 10A.09, Subdivision 5; 10A.11, Subdivision 6; 10A.14, Subdivision 2; 10A.19, Subdivision 1; 10A.20, Subdivisions 1, 2, and 3, and by adding a subdivision; 10A.21, Subdivision 1; 10A.22, Subdivision 5; 10A.23; 10A.25, Subdivisions 3, 6 and 7; 10A.27, Subdivision 3; repealing Minnesota Statutes 1974, Sections 10A.01, Subdivision 14; 10A.14, Subdivision 3; 10A.20, Subdivision 4; 10A.22, Subdivisions 2 and 8.

Senate File No. 1499 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 2, 1976

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

MEMBERS EXCUSED

Mr. Chmielewski was excused from this evening's Session. Mr. Anderson was excused from this evening's Session at 7:00 o'clock p.m. Mr. Ashbach was excused from this evening's Session at 8:00 o'clock p.m.

APPOINTMENTS

Mr. Davies, from the Committee on Committees, recommends that the following named Senators be and they hereby are appointed as a Conference Committee on:

H. F. No. 2374, pursuant to the request of the House:

Messrs. Olson, A. G.; Jensen and Schaaf.

H. F. No. 2414, pursuant to the request of the House:

Messrs. Conzemius; Olson, A. G. and Ueland.

Mr. Davies moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Borden moved that S. F. No. 486 be taken from the table. The motion prevailed.

CONCURRENCE AND REPASSAGE

Mr. Borden moved that the Senate concur in the amendments by the House to S. F. No. 486 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 486: A bill for an act relating to highway traffic regulations; requiring counties to establish presentence investigation and counseling alcohol safety programs and alcohol safety enforcement programs; requiring presentence investigation reports for certain driving offenses; appropriating money; amending Minnesota Statutes 1974, Section 169 121, Subdivision 6; and Chapter 169, by adding sections.

Was read the third time, as amended by the House, and placed on its repassage

The question being taken on the repassage of the bill, as amended,

And the roll being called, there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Arnold	Doty	Keefe, S.	Ogdahl	Solon
Bang	Dunn	Kirchner	Olhoft	Spear
Berg	Frederick	Kleinbaum	Olson, A. G.	Stassen
Bernhagen	Gearty	Kowalczyk	Olson, H. D.	Stokowski
Blatz	Hansen, Baldy	Larson	Olson, J. L.	Stumpf
Borden	Hansen, Mel	Laufenburger	Perpich, A. J.	Tennessee
Brataas	Hanson, R.	Lewis	Pillsbury	Ueland
Brown	Hughes	McCutcheon	Renneke	Wegener
Chenoweth	Humphrey	Merriam	Schaaf	Willet
Coleman	Jensen	Moe	Schmitz	
Conzemius	Josefson	Nelson	Schrom	
Davies	Keefe, J.	North	Sillers	

So the bill, as amended, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Chmielewski moved that the name of Mr. Willet be added as co-author to S. F. No. 2398. The motion prevailed.

RECONSIDERATION

Mr. Frederick moved that the vote whereby H. F. No. 2546 failed to pass the Senate on April 1, 1976, be now reconsidered.

Mr. Coleman moved that the Senate do now adjourn until 10:00 o'clock a.m., Saturday, April 3, 1976. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate