

SIXTY-FIRST DAY

St. Paul, Minnesota, Monday, May 23, 1977

The Senate met at 11:00 o'clock a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Ashbach	Engler	Kleinbaum	Nelson	Sikorski
Bang	Frederick	Knoll	Ogdahl	Sillers
Benedict	Gearty	Knutson	Olhoft	Strand
Bernhagen	Gunderson	Laufenburger	Olson	Stumpf
Borden	Hanson	Lewis	Penny	Tennessee
Coleman	Hughes	Luther	Pillsbury	Vega
Davies	Humphrey	Merriam	Purfeerst	Wegener
Dieterich	Johnson	Milton	Schmitz	Willet
Dunn	Keefe, S.	Moe	Schrom	

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

Prayer was offered by the Chaplain, Rev. Nicholas J. Finn.

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

Anderson	Frederick	Lessard	Penny	Staples
Ashbach	Gearty	Lewis	Perpich	Stokowski
Bang	Gunderson	Luther	Peterson	Strand
Benedict	Hanson	McCutcheon	Pillsbury	Stumpf
Bernhagen	Hughes	Menning	Purfeerst	Tennessee
Borden	Humphrey	Merriam	Renneke	Ulland, J.
Brataas	Johnson	Milton	Schmitz	Vega
Chmielewski	Keefe, J.	Moe	Schrom	Wegener
Coleman	Keefe, S.	Nelson	Setzepfandt	Willet
Davies	Kleinbaum	Nichols	Sikorski	
Dieterich	Knoll	Ogdahl	Sillers	
Dunn	Knutson	Olhoft	Solon	
Engler	Laufenburger	Olson	Spear	

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. Chenoweth, Jensen, Kirchner, Schaaf, Sieloff and Ueland, A. were excused from the Session of today.

REPORTS FILED WITH THE SECRETARY OF THE SENATE

The following reports were received and filed by the Secretary of the Senate: Council for Economic Status of Women, Minnesota Women of Profile; Minnesota Peace Officer Training Board, Peace Officer Training through June 30, 1976; Governor's Citizen Council on Aging, Proposed State Policy for Citizens Dependent Upon Long Term Care and Services; Department of Economic Development, Small Business Procurement Act, Annual Report; Commissioner of Transportation, Biennial Report on Highways, 1974-76; Northwest Regional Development Commission, Annual Report, 1976.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Schaaf introduced—

S. F. No. 1563: A bill for an act relating to the operation of state government; establishing a department of justice; transferring certain functions of the departments of public safety, administration, commerce, natural resources, public service, public welfare, revenue, health, labor and industry and the division of insurance and state court administrator.

Referred to the Committee on Governmental Operations.

Messrs. Schaaf, Knoll, Borden, Benedict and Chenoweth introduced—

S. F. No. 1564: A bill for an act relating to administrative procedures of government agencies; adding metropolitan and capitol area agencies to the coverage of the administrative procedure act; amending Minnesota Statutes 1976, Section 15.0411, Subdivision 2.

Referred to the Committee on Governmental Operations.

Messrs. Menning and Nichols introduced—

S. F. No. 1565: A bill for an act relating to taxation; providing that compensation for service in the Minnesota national guard be exempt from the income tax; amending Minnesota Statutes 1976, Section 290.01, Subdivision 20.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Solon and Ulland, J. introduced—

S. F. No. 1566: A bill for an act relating to the city of Duluth; firemen's service pensions and survivor benefits.

Referred to the Committee on Governmental Operations.

Without objection, the Senate proceeded to the Order of Business of Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Mr. Johnson moved that his name be stricken and the name of Mr. Davies be added as chief author to S. F. No. 308. The motion prevailed.

Mr. Coleman introduced—

Senate Resolution No. 22: A Senate resolution relating to conduct of Senate business during the interim between sessions.

BE IT RESOLVED, by the Senate of the state of Minnesota:

The powers, duties and procedures set forth in this resolution apply during the interim between the adjournment of the 70th Legislature, 1977 session and the convening of the 70th Legislature, 1978 session.

All Senate records, including committee books, are subject to the direction of the Committee on Rules and Administration.

For the period between the close of the 70th Legislature, 1977 session and the convening of the 70th Legislature, 1978 session, the Senate Chamber, retiring room, committee rooms, all conference rooms, storage rooms, Secretary of the Senate's office, Rules and Administration office, and any and all other space assigned to the Senate, shall be reserved for use by the Senate and its standing committees only and shall not be released or used for any other purpose except upon authorization of the Secretary of the Senate with the approval of the Committee on Rules and Administration, or the Chairman thereof.

The Subcommittee on Committees of the Committee on Rules and Administration shall appoint persons as necessary to fill any vacancies that may occur in committees, commissions, and other bodies whose members are to be appointed by the Senate authorized by rule, statute, resolution, or otherwise.

The Committee on Rules and Administration shall establish positions, set compensation, and appoint employees as it deems proper to carry out the work of the Senate.

The Secretary of the Senate is authorized to employ after the close of the session such employees as may be necessary to finish the business of the Senate at the salaries paid such employees under the rules of the Senate for the 1977 regular session. He is authorized to employ the necessary employees to prepare for the 1978 session at the salaries in effect at that time.

The Secretary of the Senate, as authorized and directed by the Committee on Rules and Administration, shall furnish each member of the Senate with postage and supplies, and may reimburse each member for long distance telephone calls not to exceed \$45 per month, upon proper verification of the expenses incurred, and for such other expenses as may be authorized from time to time by the Committee on Rules and Administration.

The Secretary of the Senate shall correct and approve the Journal of the Senate for those days that have not been corrected and approved by the Senate, and shall correct printing errors found in the Journal of the Senate for the 1977 session. He may

include in the Senate Journal proceedings of the last day, appointments by the Subcommittee on Committees to interim commissions created by legislative action, permanent commissions or committees established by statute, standing committees, official communications and other matters of record received on or after the 23rd day of May, 1977.

The Secretary of the Senate may pay election and litigation costs as authorized by the Committee on Rules and Administration.

The Secretary of the Senate, with the approval of the Committee on Rules and Administration, shall secure bids and enter into contracts for the printing of the daily Senate journals, bills, general orders, special orders, calendars, resolutions, printing and binding of the permanent Senate Journal, and other printing required by the Senate for the 70th Legislature, 1978 session, and any special session called prior to the 71st regular session of the Legislature, shall secure bids and enter into contracts for remodeling and improvement of Senate office space, and shall purchase all supplies and equipment necessary to carry out the work of the Senate. Any contracts in excess of \$5,000 shall be signed by the Chairman of the Committee on Rules and Administration and another member designated by the Committee on Rules and Administration.

The Custodian of the Capitol shall continue to provide parking space for members and staff of the Legislature pursuant to Senate Concurrent Resolution No. 2.

Mr. Coleman moved the adoption of the foregoing resolution.

The question was taken on the adoption of the resolution.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gearty	Lewis	Penny	Spear
Bang	Gunderson	Luther	Perpich	Staples
Benedict	Hanson	McCutcheon	Peterson	Stokowski
Bernhagen	Hughes	Menning	Pillsbury	Strand
Borden	Humphrey	Merriam	Purfeerst	Stumpf
Brataas	Johnson	Milton	Renneke	Tennessen
Chmielewski	Keefe, J.	Moe	Schmitz	Ulland, J.
Coleman	Keefe, S.	Nelson	Schrom	Vega
Dieterich	Kleinbaum	Nichols	Setzepfandt	Wegener
Dunn	Knutson	Ogdahl	Sikorski	Willet
Engler	Laufenburger	Olhoff	Sillers	
Frederick	Lessard	Olson	Solon	

The motion prevailed. So the resolution was adopted.

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 1395 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1395

A bill for an act relating to education; public television and radio; altering the calculation of matching funds required by public stations; appropriating money; amending Minnesota Statutes 1976, Section 139.18, Subdivisions 1 and 2.

May 21, 1977

The Honorable Edward J. Gearty
President of the Senate

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

We, the undersigned conferees for S. F. No. 1395, 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. 1395 be amended as follows:

Page 2, delete lines 19 to 32, and insert:

"Sec. 3. [LEGISLATIVE COMMISSION.] Subdivision 1. A legislative commission is hereby created to study public broadcasting in the state. The commission shall conduct studies including, but not limited to the following issues:

(a) Statewide expansion of public broadcasting to serve unmet educational, cultural and informational needs by utilizing existing facilities at post-secondary institutions and other public broadcasters, and adding of facilities to approximate statewide coverage and achieve live interconnection among the stations;

(b) Structure and governance of future development including the fixing of responsibility for decisions as to programming, planning and development with a balancing of insulation from governmental control and accountability to the citizens of the state;

(c) Financing of capital expenditures, operating costs, and future development with available legislative funding and nonstate support;

(d) Programming to serve unmet or partially met educational and informational audience needs; use of the programming to strengthen instructional and continuing education activities of the post-secondary systems; and integration of local, regional and statewide broadcasting into the total programming effort.

Subd. 2. [MEMBERS, REIMBURSEMENT.] The bipartisan commission shall consist of five members of the house of representatives appointed by the speaker and five members of the senate appointed by the senate committee on committees. Any vacancy shall be filled by the appointing power.

Members of the commission shall be reimbursed in the same manner and amount as for attendance at legislative meetings. Reimbursement for expenses incurred shall be made pursuant to the rules governing state employees.

Subd. 3. [RECOMMENDATIONS.] The commission shall act from the time its members are appointed until January 15, 1978. It shall report its findings and recommendations to the legislature not later than January 15, 1978.

Subd. 4. [MEETINGS, STAFF.] The commission shall hold meetings and hearings at the times and places it designates to accomplish the purposes set forth in subdivisions 1 to 6. It shall select a chairman and other officers from its membership and employ staff as necessary.

Subd. 5. [GIFTS AND GRANTS.] The commission may solicit and accept gifts and grants available for use to accomplish the purposes of subdivisions 1 to 6.

Subd. 6. [APPROPRIATION.] The sum of \$25,000 is appropriated from the general fund to the commission to pay its expenses.

Subd. 7. [EFFECTIVE DATE.] This section is effective the day following final enactment."

Page 3, delete lines 1 to 32

Page 4, delete lines 1 to 23

Renumber the remaining section

Page 4, line 24, delete "sums" and insert "sum"

Page 4, line 25, delete "are" and insert "is"

Page 4, delete lines 30 and 31

Further, amend the title as follows:

Page 1, line 2, delete "and"

Page 1, line 3, delete "radio"

Page 1, line 4, after the semicolon insert "creating a legislative commission on public broadcasting;"

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

Senate Conferees: (Signed) Sam Solon, Hubert H. Humphrey III, Nancy Brataas.

House Conferees: (Signed) David Beauchamp, Ray Faricy, James C. Pehler.

Mr. Solon moved that the foregoing recommendations and Conference Committee Report on S. F. No. 1395 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. 1395: A bill for an act relating to education; public television and radio; altering the calculation of matching funds required by public stations; appropriating money; amending Minnesota Statutes 1976, Section 139.18, Subdivisions 1 and 2.

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

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

The roll was called, and there were yeas 59 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Laufenburger	Olson	Solon
Ashbach	Gearty	Lessard	Penny	Spear
Bang	Gunderson	Lewis	Perpich	Staples
Benedict	Hanson	Luther	Peterson	Stokowski
Bernhagen	Hughes	McCutcheon	Pillsbury	Strand
Borden	Humphrey	Menning	Purfeerst	Stumpf
Brataas	Johnson	Milton	Renneke	Tennessen
Chmielewski	Keefe, J.	Moe	Schmitz	Ulland, J.
Coleman	Keefe, S.	Nelson	Schrom	Vega
Davies	Kleinbaum	Nichols	Setzepfandt	Wegener
Dieterich	Knoll	Ogdahl	Sikorski	Willet
Dunn	Knutson	Olhoft	Sillers	

Mr. Merriam voted in the negative.

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

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. 411: A bill for an act relating to peace officers; providing for training and licensing of all peace officers in the state; renaming the peace officer training board; giving the board additional responsibilities; amending Minnesota Statutes 1976, Sections 214.01, Subdivision 3; 626.841; 626.842; 626.843, Subdivision 1; 626.845; 626.846, Subdivision 1 and by adding subdivisions; 626.848; 626.85, Subdivision 1; 626.851, Subdivision 2; 626.854; Chapter 626, by adding a section; repealing Minnesota Statutes 1976, Sections 626.843, Subdivision 4; 626.844; 626.846, Subdivision 2; 626.847; and 626.853.

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

Sieben H.; Haugerud, and Moe.

Senate File No. 411 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1977

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. 1051 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 1051: A bill for an act relating to public welfare; aid to families with dependent children, medical assistance, and supplemental aid; altering eligibility criteria; appropriating money; amending Minnesota Statutes 1976, Sections 256.73, Subdivision 2; 256B.06, Subdivision 1; 256B.14; and 256D.37, Subdivision 2.

House File No. 1051 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1977

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1051

A bill for an act relating to public welfare; aid to families with dependent children, medical assistance, and supplemental aid; altering eligibility criteria; appropriating money; amending Minnesota Statutes 1976, Sections 256.73, Subdivision 2; 256B.06, Subdivision 1; 256B.14; and 256D.37, Subdivision 2.

May 21, 1977

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

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1051, 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. 1051 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1976, Section 62E.52, Subdivision 2, is amended to read:

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 :

(1) 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 ; or

(2) *qualified nursing home expenses for himself and any dependents in any 12 consecutive months exceeding 20 percent of his household income .*

Sec. 2. Minnesota Statutes 1976, Section 62E.52, is amended by adding a subdivision to read:

Subd. 3a. "Qualified nursing home expense" includes any charge incurred for nursing home services after 36 months of continuous care provided to a person 64 years of age or younger in long-term care facilities.

Sec. 3. Minnesota Statutes 1976, Section 62E.52, Subdivision 5, is amended to read:

Subd. 5. "Household income" means the gross income of an eligible person and all his dependents 23 years of age or older for the calendar year preceding the year in which an application is filed pursuant to section 62E.53.

Sec. 4. Minnesota Statutes, Section 62E.53, Subdivision 2, is amended to read:

Subd. 2. If the commissioner determines that an applicant is an eligible person, he shall pay

(1) 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 and

(2) all qualified nursing home expenses of the eligible person and his dependents in excess of 20 percent of his household income. Provided, however, that the payment of qualified nursing home expenses shall not be made until the end of the fiscal year. If the appropriation for the payment of qualified nursing home expenses is inadequate to pay all qualified nursing home expenses, the commissioner shall prorate the payments among all eligible persons in proportion to their share of the total of the qualified nursing home expenses of all eligible persons. 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 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 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. 5. Minnesota Statutes 1976, Section 256.73, Subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] The ownership by father, mother, child, children, or any combination thereof, of property as follows shall be a bar to any allowance under sections 256.72 to 256.87:

(1) *Net equity in real estate used as a home the market value of which less encumbrances exceeds \$7,500 \$15,000 ; provided that real estate used as a home in excess of this amount will not be a bar to eligibility where the county welfare board determines that such real estate is not available for support of the family or the sale of such real estate would cause undue hardship .*

(2) Personal property of a reasonable market value in excess of \$300 for a one child recipient or \$500 for more than one child recipient, exclusive of personal property used as the home, *one automobile the market value of which does not exceed \$1,650, insurance carried by a parent which does not exceed a cash surrender value of \$500, appropriate clothing and necessary household furniture and equipment, and of such tools, implements, and domestic animals as in the opinion of the county agency it is expedient to retain for the purpose of reducing the expense or increasing the income of the family, and the earnings of a dependent child which are placed in a savings account to be used for a future purpose approved by the county agency in accordance with the rules and regulations of the commissioner of public welfare , and such property that produces a net income applicable to the family's needs ; or*

(3) Real estate not used as a home , *provided that if such real estate does not produce net income sufficient to meet the family budget and there is no available market for the sale of such property, or if the price which can be obtained on the prevailing market is not fair and reasonable considering the applicant's interest therein and the possibilities of sale of said property for a greater amount within a reasonable length of time thereafter then in that event, in the discretion of the county agency, ownership of the same which produces net income applicable to the family's needs or which the family is making a continuing effort to sell at a fair and reasonable price shall not be a bar to an allowance under sections 256.72 to 256.87. Net income shall be the residue after payment from gross income of taxes, insurance, maintenance, and interest on encumbrances, if any, on the property, provided that in computing net income the gross income shall not be charged with any expenses toward betterment of the property as improvements or by payment on the principal of a mortgage; provided, that the net income thus derived shall be applied on the family budget.*

Sec. 6. Minnesota Statutes 1976, Section 256B.06, Subdivision 1, is amended to read:

256B.06 [ELIGIBILITY REQUIREMENTS.] Subdivision 1. Medical assistance may be paid for any person:

(1) Who is eligible for or receiving public assistance under the aid to families with dependent children program; or

(2) Who is eligible for or receiving supplemental security income for the aged, blind and disabled; or

(3) Who except for the amount of income or resources would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children and is in need of medical assistance; or

(4) Who is under 21 years of age and in need of medical care that neither he nor his relatives responsible under sections 256B.01 to 256B.26 are financially able to provide; or

(5) Who is residing in a hospital for treatment of mental disease or tuberculosis and is 65 years of age or older and without means sufficient to pay the per capita hospital charge; and

(6) Who resides in Minnesota, or, if absent from the state, is deemed to be a resident of Minnesota in accordance with the regulations of the state agency; and

(7) Who alone, or together with his spouse, does not have net equity in real property used as a home in excess of \$15,000 \$25,000 or real estate not used as a home which produces net income applicable to the family's needs or which the family is making a continuing effort to sell at a fair and reasonable price. The commissioner of public welfare shall annually adjust the limitation on net equity in real property used as a home by the same percentage as the homestead base value index provided in section 273.122, subdivision 2 ; and

(8) Who, if single, does not have more than \$750 in cash or liquid assets or, if married, whose cash or liquid assets do not exceed \$1,000 plus \$150 for each additional legal dependent except that the value of one automobile the market value of which does not exceed \$1,650 shall be disregarded ; and

(9) Who has or anticipates receiving an annual income not in excess of \$2,600 for a single person, or \$3,250 for two family members (man and wife, parent and child, or two siblings), plus \$625 for each additional legal dependent, or who has income in excess of these maxima and in the month of application, or during the three months prior to the month of application, incurs expenses for medical care that total more than one-half of the annual excess income in accordance with the regulations of the state agency. In excess income cases, eligibility shall be limited to a period of six months beginning with the first of the month in which these medical obligations are first incurred.

(10) Who has continuing monthly expenses for medical care that are more than the amount of his excess income, computed on a monthly basis, in which case eligibility may be established before the total income obligation referred to in the preceding paragraph is incurred, and medical assistance payments may be made to cover the monthly unmet medical need. In licensed nursing home and state hospital cases, both excess income and

income over and above that required for justified needs are , determined pursuant to a schedule of contributions established by the commissioner of public welfare, is to be applied to the cost of institutional care . The commissioner of public welfare may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care and shall seek a waiver from federal regulations which establish the amount required to be contributed by the spouse of a nursing home resident ; and

(10) (11) Who has applied or agrees to apply all proceeds received or receivable by him or his spouse from automobile accident coverage and private health care coverage to the costs of medical care for himself, his spouse, and children. The state agency may require from any applicant or recipient of medical assistance the assignment of any rights accruing under private health care coverage. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to receipt of the assignment by the person or organization providing the benefits.

Sec. 7. Minnesota Statutes 1976, Section 256B.14, is amended to read:

256B.14 [RELATIVE'S RESPONSIBILITY.] *Subject to the provisions of section 256B.06, the financial responsibility of a relative for an applicant or recipient of medical assistance shall not extend beyond the relationship of a spouse, or a parent of an applicant who is under 18 years of age.*

Sec. 8. Minnesota Statutes 1976, Section 256D.11, Subdivision 4, is amended to read:

Subd. 4. A local agency may contract with the federal government, or with any department, agency, subdivision or instrumentality of the state, or with any nonprofit organization approved by the commissioner of public welfare for the services of general assistance work program recipients on such terms and conditions as may be agreed upon, with or without consideration paid to the local agency.

Sec. 9. Minnesota Statutes 1976, Section 256D.37, Subdivision 2, is amended to read:

Subd. 2. The eligibility criteria for supplemental aid under this section shall be those in effect December 31, 1973 for the categorical aid programs of old age assistance, aid to the blind, and aid to the disabled except that net equity of \$25,000 in one home used as a residence, one automobile the market value of which does not exceed \$1,650, and real estate not used as a home which produces net income applicable to the family's needs or which the family is making a continuing effort to sell at a fair and reasonable price, are to be disregarded in determining eligibility. The commissioner of public welfare shall annually adjust the limitation on net equity in real property used as a home by the same percentage as the homestead base value index provided

in section 273.122, subdivision 2. The local agency shall apply the relevant criteria to each application. Effective July 1, 1974, the real property equity limitation for applicants other than the blind shall be \$12,000. Effective January 1, 1975, the real property equity limitation for all applicants for supplemental aid under this section shall be \$15,000. The local agency in its discretion may permit eligibility of an applicant having assets in excess of the amount prescribed in this section if liquidation of the assets would cause undue loss or hardship.

Sec. 10. [APPROPRIATION.] Subdivision 1. The sum of \$900,000 is appropriated to the department of public welfare for the biennium ending June 30, 1979 for the payment of qualified nursing home expenses. One half of the money shall be available for the year ending June 30, 1978, and one half of the money shall be available for the year ending June 30, 1979. Notwithstanding the provisions of Minnesota Statutes, Section 16A.28, the money appropriated for the biennium ending June 30, 1979 shall not lapse but shall remain available for payment of qualified nursing home expenses incurred during the biennium.

Subd. 2. There is appropriated from the general fund to the commissioner of public welfare the sum of \$7,100,000 for the biennium ending June 30, 1979 for the purposes of sections 5, 6, 7 and 9."

Further, amend the title by deleting it in its entirety and inserting:

"A bill for an act relating to public welfare; catastrophic health insurance; aid to families with dependent children, medical assistance, supplemental aid, and general assistance; altering eligibility criteria; providing authority for local agencies to contract with nonprofit organizations for work program services; appropriating money; amending Minnesota Statutes 1976, Sections 62E.52, Subdivisions 2 and 5, and by adding a subdivision; 62E.53, Subdivision 2; 256.73, Subdivision 2; 256B.06, Subdivision 1; 256B.14; 256D.11, Subdivision 4; and 256D.37, Subdivision 2."

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

House Conferees: (Signed) Linda Berglin, Donald Samuelson and James Rice.

Senate Conferees: (Signed) Steve Keefe, Roger Moe and Nicholas Coleman.

Mr. Keefe S., moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1051 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 1051: A bill for an act relating to public welfare; catastrophic health insurance; aid to families with dependent children, medical assistance, supplemental aid, and general assistance; altering eligibility criteria; providing authority for local agencies to contract with nonprofit organizations for work program services; appro-

appropriating money; amending Minnesota Statutes 1976, Sections 62E.52, Subdivisions 2 and 5 and by adding a subdivision; 62E.53, Subdivision 2; 256.73, Subdivision 2; 256B.06, Subdivision 1; 256B.14; 256D.11, Subdivision 4; and 256D.37, Subdivision 2.

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

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

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Lessard	Olson	Spear
Ashbach	Gearty	Lewis	Penny	Staples
Bang	Gunderson	Luther	Perpich	Stokowski
Benedict	Hanson	McCutcheon	Peterson	Strand
Bernhagen	Hughes	Menning	Pillsbury	Stumpf
Borden	Humphrey	Merriam	Purfeerst	Tennessen
Brataas	Johnson	Milton	Renneke	Ulland, J.
Chmielewski	Keefe, S.	Moe	Schmitz	Vega
Coleman	Kleinbaum	Nelson	Schrom	Wegener
Davies	Knoll	Nichols	Setzepfandt	Willet
Dieterich	Knutson	Ogdahl	Sikorski	
Dunn	Laufenburger	Olhoff	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. 320 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 320: A bill for an act relating to labor; providing for reduction of the tip credit in computing minimum wage; amending Minnesota Statutes 1976, Sections 177.23, Subdivision 9; 177.24; 177.28, Subdivision 4.

H. F. No. 320 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 21, 1977

CONFERENCE COMMITTEE REPORT ON H. F. NO. 320

A bill for an act relating to labor; providing for reduction of the tip credit in computing minimum wage; amending Minnesota Statutes 1976, Sections 177.23, Subdivision 9; 177.24; 177.28, Subdivision 4.

May 20, 1977

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

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 320, 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. 320 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1976, Section 177.23, Subdivision 9, is amended to read:

Subd. 9. "Gratuities" means ~~voluntary~~ monetary contributions received *directly or indirectly* by an employee from a guest, patron, or customer for services rendered and includes an obligatory charge assessed to customers, guests or patrons which might reasonably be construed by the guest, customer, or patron as being a payment for personal services rendered by an employee and for which no clear and conspicuous notice is given by the employer to the customer, guest, or patron that the charge is not the property of the employee.

Sec. 2. Minnesota Statutes 1976, Section 177.24, is amended to read:

177.24 [PAYMENT OF MINIMUM WAGES.] Subdivision 1. Except as may otherwise be provided in sections 177.21 to 177.35, or by regulation issued pursuant thereto, every employer shall pay to each of his employees who is 18 years of age or older wages at a rate of not less than \$2.10 an hour and shall pay to each of his employees who is under the age of 18 wages at a rate of not less than \$1.89 an hour.

Subd. 2. No employer shall directly or indirectly credit, apply or utilize gratuities towards payment of minimum wages except as provided for under section 177.28.

Subd. 3. For purposes of chapter 177, any gratuity received by an employee or deposited in or about a place of business for personal services rendered by an employee is the sole property of the employee. No employer shall require an employee to contribute or share a gratuity received by the employee with the employer or other employees or to contribute any or all of the gratuity to a fund or pool operated for the benefit of the employer or his employees, provided that nothing in this section shall prevent an employee from voluntarily, and upon an individual basis, sharing his gratuities with other employees. The agreement to share gratuities shall be made by the employees free of any employer participation.

Sec. 3. Minnesota Statutes 1976, Section 177.28, Subdivision 4, is amended to read:

Subd. 4. An employee who receives \$20 \$35 or more per month in gratuities is a tipped employee. ~~His~~ An employer is entitled to a credit in an amount up to ~~25~~ 20 percent of the minimum wage which a tipped employee receives. ~~Said~~ The credit against the wages due ~~for gratuities received by a tipped employee~~ may not be taken unless ~~at the time the credit is taken the employer has received~~ a signed statement for that pay period from ~~each~~ the tipped employee ~~stating that he did receive and retain~~ during ~~the~~ that pay period all gratuities received by him in an amount equal to or greater than the credit applied against the wages due by his employer. ~~Such~~ The statements shall be maintained by the employer as a part of his business records.

Sec. 4. *This act is effective September 15, 1977.* "

Further, strike the title and insert

"A bill for an act relating to labor; prohibiting mandatory tip pooling; providing for a change in the application of the tip credit in computing minimum wage; amending Minnesota Statutes 1976, Sections 177.23, Subdivision 9; 177.24; 177.28, Subdivision 4."

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

House Conferees: (Signed) Leo J. Reding, Douglas J. St. Onge, John T. Rose

Senate Conferees: (Signed) John Milton, Steve Keefe, Nancy Brataas

Mr. Milton moved that the foregoing recommendations and Conference Committee Report on H. F. No. 320 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Pillsbury moved that the recommendations and Conference Committee Report on H. F. No. 320 be rejected, and that the bill be returned to the Conference Committee as formerly constituted.

CALL OF THE SENATE

Mr. Milton imposed a call of the Senate. The following Senators answered to their names:

Aashbach	Dunn	Knutson	Ogdahl	Sikorski
Bang	Engler	Laufenburger	Olhoff	Sillers
Benedict	Frederick	Lessard	Penny	Spear
Bernhagen	Gearty	Luther	Peterson	Staples
Borden	Gunderson	McCutcheon	Pillsbury	Stokowski
Brataas	Hanson	Menning	Punfeerst	Strand
Chmielewski	Humphrey	Merriam	Renneke	Stumpf
Coleman	Johnson	Moe	Schmitz	Ulland, J.
Davies	Keefe, S.	Nelson	Schrom	Vega
Dieterich	Knoll	Nichols	Setzepfandt	Wegener

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

The question was taken on the adoption of the Pillsbury motion.

The roll was called, and there were yeas 11 and nays 48, as follows:

Those who voted in the affirmative were:

Benedict	Frederick	Knutson	Nichols	Renneke
Bernhagen	Keefe, J.	Lessard	Pillsbury	Schrom
Dunn				

Those who voted in the negative were:

Anderson	Gunderson	Luther	Penny	Stokowski
Bang	Hanson	McCutcheon	Perpich	Strand
Borden	Hughes	Menning	Peterson	Stumpf
Brataas	Humphrey	Merriam	Purfeerst	Tennessen
Chmielewski	Johnson	Milton	Schmitz	Ulland, J.
Coleman	Keefe, S.	Moe	Setzepfandt	Vega
Davies	Kleinbaum	Nelson	Sikorski	Wegener
Dieterich	Knoll	Ogdahl	Sillers	Willet
Engler	Laufenburger	Olhoft	Spear	
Gearty	Lewis	Olson	Staples	

The motion did not prevail.

The question recurred on the Milton motion. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 320: A bill for an act relating to labor; prohibiting mandatory tip pooling; providing for a change in the application of the tip credit in computing minimum wage; amending Minnesota Statutes 1976, Sections 177.23, Subdivision 9; 177.24; 177.28, Subdivision 4.

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

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

The roll was called, and there were yeas 52 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Laufenburger	Ogdahl	Staples
Ashbach	Gearty	Lessard	Olhoft	Stokowski
Bang	Hanson	Lewis	Olson	Strand
Benedict	Hughes	Luther	Perpich	Stumpf
Bernhagen	Humphrey	McCutcheon	Peterson	Tennessen
Brataas	Johnson	Menning	Purfeerst	Ulland, J.
Chmielewski	Keefe, J.	Merriam	Schmitz	Vega
Coleman	Keefe, S.	Milton	Setzepfandt	Wegener
Davies	Kleinbaum	Moe	Sikorski	
Dieterich	Knoll	Nelson	Sillers	
Dunn	Knutson	Nichols	Spear	

Those who voted in the negative were:

Frederick	Penny	Pillsbury	Renneke	Schrom
Gunderson				

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. 1030 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 1030: A bill for an act relating to health care plans; requiring minimum anticipated loss ratios for certain insurance plans; eliminating certain open enrollment requirements for non-profit health service plans; revising the Minnesota comprehensive health insurance act of 1976; revising the Minnesota catastrophic health expense protection act of 1976; making necessary improvements and corrections; further prescribing the powers and duties of the commissioner of insurance; further prescribing the powers and duties of the commissioner of public welfare; amending Minnesota Statutes 1976, Chapter 62E, by adding a section; and Sections 62A.02, Subdivision 3; 62A.17, Subdivision 6; 62D.10, Subdivision 1; 62E.02, Subdivisions 2, 8, 11 and 21; 62E.03, Subdivision 2; 62E.04, Subdivision 4, and by adding a subdivision; 62E.06; 62E.08; 62E.09; 62E.10, Subdivisions 1, 3, and 7; 62E.11, Subdivision 5; 62E.13, Subdivisions 2 and 4; 62E.14, Subdivision 1; 62E.53; and 62E.54, Subdivision 1; repealing Minnesota Statutes 1976, Section 62E.16.

House File No. 1030 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 23, 1977

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1030

A bill for an act relating to health care plans; requiring minimum anticipated loss ratios for certain insurance plans; eliminating certain open enrollment requirements for nonprofit health service plans; revising the Minnesota comprehensive health insurance act of 1976; revising the Minnesota catastrophic health expense protection act of 1976; making necessary improvements and corrections; further prescribing the powers and duties of the commissioner of insurance; further prescribing the powers and duties of the commissioner of public welfare; amending Minnesota Statutes 1976, Chapter 62E, by adding a section; and Sections 62A.02, Subdivision 3; 62A.17, Subdivision 6; 62D.10, Subdivision 1; 62E.02, Subdivisions 2, 8, 11 and 21; 62E.03, Subdivision 2; 62E.04, Subdivision 4, and by adding a subdivision; 62E.06; 62E.08; 62E.09; 62E.10, Subdivisions 1, 3, and 7; 62E.11, Subdivision 5; 62E.13, Subdivisions 2 and 4; 62E.14, Subdivision 1; 62E.53; and 62E.54, Subdivision 1; repealing Minnesota Statutes 1976, Section 62E.16.

May 21, 1977

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

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1030, report that we have agreed upon the items in dispute and recommend as follows:

That H. F. No. 1030 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1976, Section 62A.02, Subdivision 3, is amended to read:

Subd. 3. [DISAPPROVAL.] The commissioner shall, within 30 days after the filing of any form, disapprove the form:

(1) if the benefits provided therein are unreasonable in relation to the premium charged;

(2) if it contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the policy; or

(3) If the proposed premium rate is excessive because the insurer has failed to exercise reasonable cost control.

For the purposes of clause (1), the commissioner shall establish by rule a schedule of minimum anticipated loss ratios which shall be based on (i) the type or types of coverage provided, (ii) whether the policy is for group or individual coverage, and (iii) the size of the group for group policies. Except for individual policies of disability or income protection insurance, the minimum anticipated loss ratio shall not be less than 50 percent after the first year that a policy is in force. All applicants for a policy shall be informed in writing at the time of application of the anticipated loss ratio of the policy. For the purposes of this subdivision, "anticipated loss ratio" means the ratio at the time of form filing or at the time of subsequent rate revision of the present value of all expected future benefits, excluding dividends, to the present value of all expected future premiums. Nothing in this paragraph shall prohibit the commissioner from disapproving a form which meets the requirements of this paragraph but which the commissioner determines still provides benefits which are unreasonable in relation to the benefits charged. The commissioner may until December 31, 1978, exercise emergency power for the purpose of implementing the minimum anticipated loss ratio requirement, and for this purpose may adopt emergency rules as provided in section 15.0412, subdivision 5. Notwithstanding the expiration of the commissioner's emergency power, any emergency rule adopted by him prior to the expiration of his emergency power may remain effective for the periods authorized in section 15.0412, subdivision 5.

If the commissioner notifies an insurer which has filed any form that 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 the insurer to issue

the form or use it in connection with any policy. In 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. 2. Minnesota Statutes 1976, Section 62A.17, Subdivision 6, is amended to read:

Subd. 6. [CONVERSION TO INDIVIDUAL POLICY.] A group insurance policy that provides post termination coverage as required by this section shall also include a provision allowing a covered employee or surviving spouse or dependent at the expiration of the post termination coverage provided by subdivision 2 to obtain from the insurer offering the group policy or group subscriber contract, at the employee's, spouse's or dependent's option and expense, without further evidence of insurability and without interruption of coverage, an individual policy of insurance or an individual subscriber contract providing coverage which is similar to or greater than the hospital or medical expense protection afforded to the employee, the spouse and his dependents by the group policy or contract at least the minimum benefits of a qualified plan as prescribed by section 62E.06, and the option of a number three qualified plan, a number two qualified plan, and a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3. A policy providing reduced benefits at a reduced premium rate may be accepted by the employee, the spouse or a dependent in lieu of the optional coverage otherwise required by this subdivision.

The individual policy shall be ~~guaranteed~~ renewable at the option of the individual as long as the individual is not covered under another qualified plan as defined in section 62E.02, subdivision 4, up to age 65 or to the day before the date of eligibility for coverage under Title XVIII of the Social Security Act, as amended. Any revisions in the table of rate for the individual policy shall apply to the covered person's original age at entry, and shall apply equally to all similar policies issued by the insurer.

Sec. 3. Minnesota Statutes 1976, Section 62D.10, Subdivision 1, is amended to read:

62D.10 [PROVISIONS APPLICABLE TO ALL HEALTH PLANS.] Subdivision 1. The provisions of this section shall be applicable to nonprofit health service plan corporations regulated under chapter 62C, nonprofit prepaid health care plans regulated under chapter 317, and health maintenance organizations regulated pursuant to sections 62D.01 to 62D.29, all both of which for purposes of this section shall be known as "health plans".

Sec. 4. Minnesota Statutes 1976, Section 62E.02, Subdivision 2, is amended to read:

Subd. 2. "Employer" means any person, partnership, association, trust, estate or corporation, including the state of Minnesota or any agency, instrumentality or governmental subdivision thereof, which employs ten or more individuals who are residents of this state.

Sec. 5. Minnesota Statutes 1976, Section 62E.02, Subdivision 8, is amended to read:

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, nor an independent contractor.

Sec. 6. Minnesota Statutes 1976, Section 62E.02, Subdivision 11, is amended to read:

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 designed solely to provide payments on a per diem, daily fixed indemnity or non-expense incurred basis, or (5) credit accident and health insurance issued pursuant to chapter 62B, (6) designed solely to provide dental or vision care, (7) blanket accident and sickness insurance as defined in section 62A.11, or (8) accident only coverage issued by licensed and tested insurance agents or solicitors which provides reasonable benefits in relation to the cost of covered services. The provisions of clause (4) shall not apply to hospital indemnity coverage which is sold by an insurer to an applicant who is not then currently covered by a qualified plan.

Sec. 7. Minnesota Statutes 1976, Section 62E.02, Subdivision 21, is amended to read:

Subd. 21. "Self insurer" means an employer who or an employee welfare benefit fund or plan which directly or indirectly provides a plan of health coverage to his its employees and administers the plan of health coverage himself itself or through an insurer, trust or agent except to the extent of accident and health insurance premium, subscriber contract charges or health maintenance organization contract charges. "Self insurer" does not include an employer engaged in the business of providing health care services to the public who which provides health care services directly to his its employees at no charge to them.

Sec. 8. Minnesota Statutes 1976, Section 62E.03, Subdivision 2, is amended to read:

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 comply with subdivision 1, none of the employer's costs for health benefits shall qualify as an income tax deduction pursuant to section 290.09, subdivision 2, clause (a) (1). In the case of an employer who meets the requirements of section 297A.25, subdivision 1, clause (j) or 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 section 297A.25, subdivision 1, clause (j) or clause (p), as appropriate.

Sec. 9. Minnesota Statutes 1976, Section 62E.04, Subdivision 4, is amended to read:

Subd. 4. [MAJOR MEDICAL COVERAGE.] Each insurer and fraternal shall ~~include~~ *affirmatively offer* coverage of major medical costs ~~in expenses~~ to every applicant for a new unqualified policy at the time of application and annually to every holder of an 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 62E.06, subdivision 1, benefits shall be payable, subject to any copayment authorized by the commissioner, up to a maximum life-time limit of \$250,000.

Sec. 10. Minnesota Statutes 1976, Section 62E.04, is amended by adding a subdivision to read:

Subd. 8. *No policy of accident and health insurance issued or renewed after August 1, 1977, shall contain any provision denying or reducing benefits because services are rendered to an insured or dependent who is eligible for or receiving benefits pursuant to chapters 256B and 256D, or sections 62E.51 to 62E.55.*

Sec. 11. Minnesota Statutes 1976, Section 62E.06, is amended to read:

62E.06 [BENEFITS OF QUALIFIED PLAN.] Subdivision 1. [MINIMUM BENEFITS.] A plan of health coverage shall be certified as a number three qualified plan if it otherwise meets the requirements established by chapters 62A and 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~~ *shall* be subject to a maximum lifetime benefit of not less than \$250,000.

The \$3,000 limitation on total annual out-of-pocket expenses and the \$250,000 maximum lifetime benefit shall not be subject to change or substitution by use of an actuarially equivalent benefit.

(b) 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 in-

juries, 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 would qualify as reimbursable services under medicare ;

(5) ~~Service~~ Services of a home health agency up to a maximum of 180 visits per year if the services would qualify as reimbursable services under medicare ;

(6) Use of radium or other radioactive materials;

(7) Oxygen;

(8) Anesthetics;

(9) Prostheses other than dental ;

(10) Rental or purchase, as appropriate, of durable medical equipment other than eyeglasses and hearing aids ;

(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 ; and

(14) *Transportation provided by licensed ambulance service to the nearest facility qualified to treat the condition .*

~~(b)~~ (c) 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 worker'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 or any other governmental program except as otherwise provided by law ;

(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 Care which is primarily for custodial or domiciliary purposes which would not qualify as eligible services under medicare ;

(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, *provided, however, that if the institution does not have semi-private rooms, its most common semi-private room charge shall be considered to be 90 percent of its lowest private room charge*;

(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.

~~(e)~~ (d) Effective January July 1, 1980, the minimum benefits for a qualified plan shall include, in addition to those benefits specified in ~~clause (a)~~ clauses (a) and (e), 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.

(e) Effective July 1, 1979, the minimum benefits of a qualified plan shall include, in addition to those benefits specified in clause (a), a second opinion from a physician on all surgical procedures expected to cost a total of \$500 or more in physician, laboratory and hospital fees, provided that the coverage need not include the repetition of any diagnostic tests.

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 subdivision 1 except that the deductible shall 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 subdivision 1 except that the deductible shall not exceed \$1,000 per person.

Subd. 4. [HEALTH MAINTENANCE PLANS.] A health maintenance organization which provides the services required by chapter 62D shall be deemed to be providing a number three qualified plan.

Sec. 12. Minnesota Statutes 1976, Section 62E.08, is amended to read:

62E.08 [STATE PLAN PREMIUM.] Subdivision 1. For the first ~~year~~ *eighteen months* 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 *enrollees or renewals of membership*, 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. 13. Minnesota Statutes 1976, Section 62E.09, is amended to read:

62E.09 [DUTIES OF COMMISSIONER.] The commissioner may:

(a) Formulate general policies to advance the purposes of sections 62E.01 to 62E.17; ~~the commissioner may also adopt, promulgate, repeal, and amend rules pursuant to the rule making provisions of chapter 15, to carry out the provisions of sections 62E.01 to 62E.17;~~

(b) Supervise the creation of the Minnesota comprehensive health association within the limits described in section 62E.10;

(c) Approve the selection of the writing carrier by the association and approve the association's contract with the writing carrier including 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 per-

sons studies or demonstration programs to develop awareness of the benefits of sections 62E.01 to 62E.17, 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 ; and

(i) *Adopt, amend, suspend and repeal rules as reasonably necessary to carry out and make effective the provisions and purposes of sections 62E.01 to 62E.17. The commissioner may until December 31, 1978 adopt emergency rules .*

Sec. 14. Minnesota Statutes 1976, Section 62E.10, Subdivision 1, is amended to read:

62E.10 [COMPREHENSIVE HEALTH ASSOCIATION.] Subdivision 1. [CREATION; TAX EXEMPTION.] There is established a comprehensive health association *to promote the public health and welfare of the state of Minnesota* with membership consisting of all insurers, self insurers, fraternal and health maintenance organizations licensed or authorized to do business in this state. *The comprehensive health association shall be exempt from taxation under the laws of this state and all property owned by the association shall be exempt from taxation.*

Sec. 15. Minnesota Statutes 1976, Section 62E.10, Subdivision 3, is amended to read:

Subd. 3. [MANDATORY MEMBERSHIP.] All members shall maintain their membership in the association as a condition of doing *accident and health insurance, self-insurance, or health maintenance organization* business in this state. The association shall submit bylaws and operating rules to the commissioner for approval.

Sec. 16. Minnesota Statutes 1976, Section 62E.10, Subdivision 7, is amended to read:

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

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

(b) Sue or be sued;

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

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

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

- (1) Individual qualified plans, excluding group conversions;
- (2) Group conversions;
- (3) Group qualified plans with fewer than 50 employees or members; and
- (4) Major medical coverage.

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

(f) Provide for the administration by the association of policies which are reinsured pursuant to clause (e). Each member electing to reinsure one or more categories of coverage in the association may elect to have the association administer the categories of coverage on the member's behalf. If a member elects to have the association administer the categories of coverage, it must do so for every life covered under every policy issued in that category. The fee for the administration shall not be less than 110 percent of the total anticipated expenses incurred by the association for the administration.

Sec. 17. Minnesota Statutes 1976, Section 62E.11, Subdivision 5, is amended to read:

Subd. 5. Each member of the association shall share the losses due to claims expenses of the comprehensive health insurance plan *for plans issued or approved for issuance by the association, and shall share in the operating and administrative expenses incurred or estimated to be incurred by the association incident to the conduct of its affairs,* pursuant to the terms of the individual reinsurance contracts executed by the association with each member in accordance with section 62E.10, subdivision 5. 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~~ *claims expense* of the state plan *and operating and administrative expenses of the association* 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~~ *an annual determination and assessment* of each member's liability and, if any. Payment of the assessment shall be due within 30 days after each ~~renewal date of the reinsurance contract~~ *the end of the association's fiscal year*. Subject to the approval of the commissioner, the reinsurance contract may provide for interim assessments as may be necessary to assure the financial capability of the association in meeting the incurred or estimated claims expenses of the state plan and operating and administrative expenses of the association until the association's next annual fiscal year end assessment. 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. 18. Minnesota Statutes 1976, Section 62E.13, Subdivision 2, is amended to read:

Subd. 2. Upon the commissioner's approval of the policy forms and contracts submitted pursuant to ~~section 62A.10~~ *chapter 62A*, the association shall ~~may~~ 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.

Sec. 19. Minnesota Statutes 1976, Section 62E.13, Subdivision 4, is amended to read:

Subd. 4. The writing carrier shall provide to all eligible persons enrolled in the plan an individual *policy or 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 *policy or certificate* shall indicate that coverage was obtained through the association.

Sec. 20. Minnesota Statutes 1976, Section 62E.14, Subdivision 1, is amended to read:

62E.14 [ENROLLMENT BY AN ELIGIBLE PERSON.] Subdivision 1. [CERTIFICATE, CONTENTS.] 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 may 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 6 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.

Sec. 21. Minnesota Statutes 1976, Section 62E.53, is amended to read:

62E.53 [APPLICATION FOR ASSISTANCE.] Subdivision 1. Any person who believes that they are he is 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.

Subd. 3. *The commissioner shall by rule establish procedures for determining whether and to what extent qualified expenses are reasonable charges. Unless otherwise provided for by rule charges shall be reviewed for reasonableness by the same procedures used to review and limit reimbursement under the provisions of chapter 256B.* If the commissioner determines that the charge for a health service is excessive, he may limit his payment to the usual and customary reasonable 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 may contract with a review organization as defined in 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 section 145.51, and 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. 22. Minnesota Statutes 1976, Chapter 62E, is amended by adding a section to read:

[62E.531] [THIRD PARTY LIABILITY.] *Subdivision 1. When the commissioner pays for or becomes liable for payments for health services under the provisions of sections 62E.51 to 62E.55, the department of public welfare shall have a lien for payments and liabilities for the services upon any and all causes of action which accrue to the person to whom the services were furnished, or to his legal representatives, as a result of injuries which directly or indirectly led to the incurring of qualified expenses.*

The department may perfect and enforce its lien by following the procedures set forth in sections 514.69, 514.70, and 514.71, except that it shall have one year from the date when the last item of health service was furnished in which to file its verified lien statement. The statement shall be filed with the appropriate clerk of court in the county in which the recipient of the services resides or in the county in which the action was filed.

Subd. 2. Where a third party may be liable in whole or in part for payment for health services, the commissioner may consider the charges for the health services to be qualified expenses if the eligible person assigns any rights accruing by virtue of any third party liability to the commissioner to the extent necessary to reimburse the state for any payments made under the provisions of this section.

Subd. 3. Upon furnishing assistance under the provisions of sections 62E.51 to 62E.55, the department of public welfare shall be subrogated, to the extent of its payments for health services, to any rights the eligible person or his dependent may have under the terms of any plan of health coverage as defined in section 62E.02, subdivision 9. The right of subrogation shall not attach prior to written notice of the exercise of subrogation rights to the issuer of the plan of health coverage.

The attorney general, or the appropriate county attorney, acting upon direction from the attorney general, may institute or join a civil action against the issuer of the plan of health coverage to recover under this subdivision.

Sec. 23. Minnesota Statutes 1976, Section 62E.54, Subdivision 1, is amended to read:

62E.54 [DUTIES OF COMMISSIONER.] *Subdivision 1. The commissioner shall:*

(a) Promulgate reasonable rules , including emergency rules, to implement sections 62E.51 to 62E.55.

(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.

Sec. 24. [EFFECTIVE DATE.] *This act is effective the day following its final enactment except for section 1 which is effective on July 1, 1978.*"

Further, strike the title and insert:

"A bill for an act relating to health care plans; requiring minimum anticipated loss ratios for certain insurance plans; eliminating certain open enrollment requirements for nonprofit health service plans; revising the Minnesota comprehensive health insurance act of 1976; revising the Minnesota catastrophic health expense protection act of 1976; making necessary improvements and corrections; further prescribing the powers and duties of the commissioner of insurance; further prescribing the powers and duties of the commissioner of public welfare; providing a limitation on medical assistance; amending Minnesota Statutes 1976, Chapter 62E, by adding a section; and Sections 62A.02, Subdivision 3; 62A.17, Subdivision 6; 62D.10, Subdivision 1; 62E.02, Subdivisions 2, 8, 11 and 21; 62E.03, Subdivision 2; 62E.04, Subdivision 4, and by adding a subdivision; 62E.06; 62E.08; 62E.09; 62E.10, Subdivisions 1, 3, and 7; 62E.11, Subdivision 5; 62E.13, Subdivisions 2 and 4; 62E.14, Subdivision 1; 62E.53; and 62E.54, Subdivision 1."

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

House Conferees: (Signed) James Swanson, Lyndon Carlson and Bernard Brinkman.

Senate Conferees: (Signed) Gerry Sikorski, John Milton and William G. Kirchner.

Mr. Sikorski moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1030 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. 1030: A bill for an act relating to health care plans; requiring minimum anticipated loss ratios for certain insurance plans; eliminating certain open enrollment requirements for nonprofit health service plans; revising the Minnesota comprehensive health insurance act of 1976; revising the Minnesota catastrophic health expense protection act of 1976; making necessary improvements and corrections; further prescribing the powers and duties of the commissioner of insurance; further prescribing the powers and duties of the commissioner of public welfare; providing a limitation on medical assistance; amending Minnesota Statutes 1976, Chapter 62E, by adding a section; and Sections 62A.02, Subdivi-

sion 3; 62A.17, Subdivision 6; 62D.10, Subdivision 1; 62E.02, Subdivisions 2, 8, 11 and 21; 62E.03, Subdivision 2; 62E.04, Subdivision 4, and by adding a subdivision; 62E.06; 62E.08; 62E.09; 62E.10, Subdivisions 1, 3, and 7; 62E.11, Subdivision 5; 62E.13, Subdivisions 2 and 4; 62E.14, Subdivision 1; 62E.53; and 62E.54, Subdivision 1.

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

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

The roll was called, and there were yeas 45 and nays 9, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Lewis	Olhoff	Spear
Benedict	Hughes	Luther	Olson	Staples
Bernhagen	Humphrey	McCutcheon	Perpich	Stokowski
Chmielewski	Johnson	Menning	Peterson	Strand
Coleman	Keefe, J.	Merriam	Purfeerst	Stumpf
Davies	Kleinbaum	Moe	Schmitz	Tennessee
Dieterich	Knoll	Nelson	Schrom	Ulland, J.
Dunn	Knutson	Nichols	Setzepfandt	Vega
Gearty	Lessard	Ogdahl	Sikorski	Willet

Those who voted in the negative were:

Ashbach	Brataas	Frederick	Laufenburger	Renneke
Bang	Engler	Gunderson	Penny	

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. 586 and repassed said bill in accordance with the report of the Committee, so adopted:

H. F. No. 586: A bill for an act relating to taxation; information contained in tax returns; amending Minnesota Statutes 1976, Section 290.081; 290.61; and 290A.17.

House File No. 586 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 23, 1977

CONFERENCE COMMITTEE REPORT ON H. F. NO. 586

A bill for an act relating to taxation; information contained in tax returns; amending Minnesota Statutes 1976, Sections 290.081; 290.61; and 290A.17.

May 23, 1977

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

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 586 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. 586 be amended as follows:

Page 4, line 12, delete "*The commissioner shall first*" and insert "*Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that he will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.*"

Page 4, delete lines 13, 14 and 15

Page 5, line 2, after "therein" insert a new period and strike "and if the"

Page 5, line 5, delete the underlined language and insert "*Prior to the release of any information to any official of the United States or any other state under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that he will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.*"

Page 5, delete line 6

Page 5, line 7, delete the new language and strike "provided by our laws."

Page 5, delete lines 18 to 23 and insert "*thereof. Upon request of a majority of the members of the senate tax committee or of the house tax committee or the tax study commission, the commissioner shall furnish abstracted financial information to those committees for research purposes from returns or reports filed pursuant to this chapter, provided that he shall not disclose the name, address, social security number, business identification number or any other item of information associated with any return or report which the commissioner believes is likely to identify the taxpayer. The commissioner shall not furnish the actual return, or a portion thereof, or a reproduction or copy of any return or portion thereof. "Abstracted financial information" means only the dollar amounts set forth on each line on the form including the filing status.*"

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

House Conferees: (Signed) William N. Kelly, Wesley Skoglund and Henry Savelkoul.

Senate Conferees: (Signed) Bill McCutcheon, Gene Merriam and Ron Sieloff.

Mr. McCutcheon moved that the foregoing recommendations and Conference Committee Report on H. F. No. 586 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. 586: A bill for an act relating to taxation; information contained in tax returns; amending Minnesota Statutes 1976, Section 290.081; 290.61; and 290A.17.

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

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

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Laufenburger	Olhoff	Sikorski
Ashbach	Gearty	Lessard	Olson	Spear
Bang	Gunderson	Lewis	Penny	Staples
Benedict	Hanson	Luther	Perpich	Stokowski
Bernhagen	Hughes	McCutcheon	Peterson	Strand
Brataas	Humphrey	Menning	Pillsbury	Stumpf
Chmielewski	Johnson	Merriam	Purfeerst	Ulland, J.
Davies	Keefe, J.	Moe	Renneke	Vega
Dieterich	Kleinbaum	Nelson	Schmitz	Willet
Dunn	Knoll	Nichols	Schrom	
Engler	Knutson	Ogdahl	Setzepfandt	

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. 315 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 315: A bill for an act relating to state government; state zoological board; providing for a member designated by the Dakota county board; amending Minnesota Statutes 1976, Section 85A.01, Subdivision 1.

House File No. 315 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 23, 1977

CONFERENCE COMMITTEE REPORT ON H. F. NO. 315

A bill for an act relating to state government; state zoological

board; providing for a member designated by the Dakota county board; amending Minnesota Statutes 1976, Section 85A.01, Subdivision 1.

May 21, 1977

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

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 315, 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. 315 be further amended as follows:

Page 1, lines 17, 18 and 19, delete the new language and insert *"In consultation with the Dakota county board the governor shall appoint as a twelfth member of the zoo board a resident of Dakota county who shall not vote and who may be a member of the county board."*

Amend the title as follows:

Line 3, delete "designated by the" and insert "residing in"

Line 4, delete "board"

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

House Conferees: (Signed) Ray Kempe, Gordon Voss, Shirley Hokanson.

Senate Conferees: (Signed) Conrad M. Vega, Clarence M. Purfeerst.

Mr. Vega moved that the foregoing recommendations and Conference Committee Report on H. F. No. 315 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. 315: A bill for an act relating to state government; state zoological board; providing for a member residing in Dakota county; amending Minnesota Statutes 1976, Section 85A.01, Subdivision 1.

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

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

The roll was called, and there were yeas 49 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Laufenburger	Olhoff	Sillers
Bang	Gunderson	Lessard	Olson	Solon
Benedict	Hanson	Lewis	Penny	Spear
Bernhagen	Hughes	Luther	Perpich	Staples
Brataas	Humphrey	McCutcheon	Peterson	Stokowski
Chmielewski	Johnson	Menning	Purfeerst	Strand
Coleman	Keefe, J.	Moe	Renneke	Stumpf
Dieterich	Kleinbaum	Nelson	Schmitz	Vega
Engler	Knoll	Nichols	Setzepfandt	Willet
Frederick	Knutson	Ogdahl	Sikorski	

Those who voted in the negative were:

Ashbach	Dunn	Pillsbury	Schrom	Ulland, J.
Davies	Merriam			

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Willet moved that S. F. No. 1165 be taken from the table and re-referred to the Committee on Agriculture and Natural Resources. The motion prevailed.

Mr. Willet moved that S. F. No. 665, No. 3 on General Orders, be stricken and re-referred to the Committee on Agriculture and Natural Resources. The motion prevailed.

Mr. Wegener moved that his name be stricken as co-author to S. F. No. 1165. The motion prevailed.

RECESS

Mr. Coleman moved that the Senate do now recess until 12:45 o'clock p.m. The motion prevailed.

The hour of 12:45 o'clock p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Davies	Johnson	Menriam	Spear
Bang	Dieterich	Kleinbaum	Milton	Stumpf
Benedict	Engler	Laufenburger	Ogdahl	Tennesen
Bernhagen	Frederick	Lessard	Olhoff	Vega
Borden	Gearty	Lewis	Penny	Willet
Chmielewski	Gunderson	Luther	Pillsbury	
Coleman	Hughes	Menning	Purfeerst	

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

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. 550 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 550: A bill for an act relating to the operation of government; providing for aids to education, tax levies, and the distribution of tax revenues; providing additional aids and levies for school districts with declining enrollment; eliminating foundation aid for summer programs for non-handicapped children; changing the method of distributing the agricultural tax credit; eliminating state aid for community education; establishing formulas for current funding of adult and secondary vocational education; creating a legislative school finance study commission; providing special retirement privileges for experienced teachers who teach part time or take an extended leave of absence; appropriating money; amending Minnesota Statutes 1976, Sections 120.10, Subdivision 1; 120.17, Subdivisions 1a and 5a; 121.11, Subdivision 5; 121.902; 121.914, Subdivisions 1, 2, 3 and 4; 121.917, Subdivisions 1 and 2; 123.335, Subdivision 2; 123.39, Subdivision 5; 123.351, Subdivision 5; 123.581, Subdivisions 1, 2, 3 and 6; 123.71, Subdivisions 1 and 2; 123.742, Subdivision 1; 124.11; 124.14, Subdivision 1; 124.17, Subdivisions 1, 2, and by adding a subdivision; 124.19, Subdivision 1; 124.20; 124.212, Subdivision 1, 3a, 6b, 7b and 8a, and by adding a subdivision; 124.213; 124.222, Subdivisions 1a, 1b, 2a, 3, 6, and by adding a subdivision; 124.223; 124.26, Subdivisions 1 and 4; 124.271, Subdivisions 2 and 5; 124.30, Subdivision 5; 124.32; 124.38, Subdivision 7; 124.562, Subdivision 1; 124.565, Subdivisions 1 and 3; 124.57; 124.572; 124.573; 128A.02, Subdivisions 2 and 3; 128A.06; 273.132; 273.138, Subdivision 3; 275.125, Subdivisions 2a, 8, 9, 9a, and 13; and 475.61, Subdivision 4; amending Minnesota Statutes 1976, Chapter 136A, by adding a section; Chapter 354, by adding sections and Chapter 354A, by adding sections; amending Laws 1967, Chapter 822, Section 7, as amended; Laws 1969, Chapter 775, Section 4, Subdivision 2, as amended; Laws 1969, Chapter 1060, Section 7, as amended; and Laws 1976, Chapter 271, Section 94; repealing Minnesota Statutes 1976, Sections 124.215, Subdivision 2a; 124.222, Subdivisions 4 and 5; 124.25; 124.271, Subdivisions 1, 2, 3, 4 and 5; and 124.30; 124.562, Subdivision 6; 124.563, Subdivision 4; 124.565, Subdivision 2; 124.57, Subdivisions 1 and 3, as added; 473.633; and 473.635.

House File No. 550 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 23, 1977

CONFERENCE COMMITTEE REPORT ON H. F. NO. 550

A bill for an act relating to the operation of government; providing for aids to education, tax levies, and the distribution of tax

revenues; providing additional aids and levies for school districts with declining enrollment; eliminating foundation aid for summer programs for non-handicapped children; changing the method of distributing the agricultural tax credit; eliminating state aid for community education; establishing formulas for current funding of adult and secondary vocational education; creating a legislative school finance study commission; providing special retirement privileges for experienced teachers who teach part time or take an extended leave of absence; appropriating money; amending Minnesota Statutes 1976, Sections 120.10, Subdivision 1; 120.17, Subdivisions 1a and 5a; 121.11, Subdivision 5; 121.902; 121.914, Subdivisions 1, 2, 3 and 4; 121.917, Subdivisions 1 and 2; 123.335, Subdivision 2; 123.39, Subdivision 5; 123.351, Subdivision 5; 123.581, Subdivisions 1, 2, 3 and 6; 123.71, Subdivisions 1 and 2; 123.742, Subdivision 1; 124.11; 124.14, Subdivision 1; 124.17, Subdivisions 1, 2, and by adding a subdivision; 124.19, Subdivision 1; 124.20; 124.212, Subdivisions 1, 3a, 6b, 7b and 8a, and by adding a subdivision; 124.213; 124.222, Subdivisions 1a, 1b, 2a, 3, 6, and by adding a subdivision; 124.223; 124.26, Subdivisions 1 and 4; 124.271, Subdivisions 2 and 5; 124.30, Subdivision 5; 124.32; 124.38, Subdivision 7; 124.562, Subdivision 1; 124.565, Subdivisions 1 and 3; 124.57; 124.572; 124.573; 128A.02, Subdivisions 2 and 3; 128A.06; 273.132; 273.138, Subdivision 3; 275.125, Subdivisions 2a, 8, 9, 9a, and 13; and 475.61, Subdivision 4; amending Minnesota Statutes 1976, Chapter 136A, by adding a section; Chapter 354, by adding sections and Chapter 354A, by adding sections; amending Laws 1967, Chapter 822, Section 7, as amended; Laws 1969, Chapter 775, Section 4, Subdivision 2, as amended; Laws 1969, Chapter 1060, Section 7, as amended; and Laws 1976, Chapter 271, Section 94; repealing Minnesota Statutes 1976, Sections 124.215, Subdivision 2a; 124.222, Subdivisions 4 and 5; 124.25; 124.271, Subdivisions 1, 2, 3, 4 and 5; 124.30; 124.562, Subdivision 6; 124.563, Subdivision 4; 124.565, Subdivision 2; 124.57, Subdivisions 1 and 3, as added; 473.633; and 473.635.

May 21, 1977

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

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 550 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. 550 be amended as follows:

Strike everything after the enacting clause and insert:

"ARTICLE I

FOUNDATION AID PROGRAM

Section 1. Minnesota Statutes 1976, Section 123.39, Subdivision 5, is amended to read:

Subd. 5. The board may provide for the admission to the schools of the district, of non-resident pupils, and those above school age, and fix the rates of tuition for such pupils.

Subd. 5a. In case a person owns land and pays the taxes thereon, in a district other than the one in which he resides, then such person or his tenant shall be admitted to all the benefits of said school the same as residents therein, ~~in respect to elementary pupils~~ upon conforming to such reasonable terms for tuition and transportation as the board of education of such school district may have established for non-residents, except that he shall be entitled to have the amount of school taxes which he pays to the support of said district applied in payment of said tuition and transportation fees. ~~In the payment of state aid this case~~, the district in which the pupil attends shall be considered the district of his residence because of the provisions of this ~~subdivision in the payment of state aid~~.

Sec. 2. Minnesota Statutes 1976, Section 124.11, is amended to read:

124.11 [DATES OF AID PAYMENTS.] *Subdivision 1.* Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program ~~and except as provided in subdivision 5~~, ten percent of the estimated elementary and secondary foundation aids shall be paid to districts in each of the months ~~other than October~~ from ~~September~~ August through May based upon information available and the final distribution shall be made in ~~October~~ of the following ~~August~~ school year.

Subd. 2. Estimated post-secondary vocational foundation aid shall be paid to districts in 12 equal monthly payments beginning July 15, 1976. The estimated post-secondary vocational foundation aid shall be paid on the basis of the prior year's average daily membership except that the average daily membership and the payments based thereon may be adjusted in September, December, March and June to reflect any increases or decreases in enrollment. The September payment in each fiscal year shall be increased or decreased to reflect any deficit or excess in post-secondary vocational foundation aid received in the prior fiscal year.

Subd. 3. If any school district is unable to borrow necessary funds for the operation of its facilities during any fiscal year, due to legal borrowing restrictions or the lack of reasonable credit facilities, the commissioner of finance and state treasurer may, upon certification of such conditions by the commissioner of administration, advance such education aids as may be required to such district, with the condition that such aids be discounted by an amount equal to six percent or the current yield on U.S. treasury bills on the date of such payment to a maturity approximating the date on which aids are to be paid, whichever rate is higher, pursuant to the terms of this section. The amount of such discount shall be determined by the commissioner of finance, with the six percent discount or the "bid" price quoted on treasury bills of an appropriate maturity calculated after consultation with the staff of the state board of investment.

Subd. 4. Estimated elementary and secondary foundation aids shall be paid out on the basis of the prior year's pupil unit enrollment unless the October 1 enrollment is larger, in which case the latest available information. Estimated elementary and secondary foundation aids shall be computed on the basis of all pupil units identified in section 124.17, subdivision 1. An October enrollment count shall be used obtained from all school districts. Adjustment for final elementary and secondary final pupil unit figures shall be made in the August payment of aids final foundation aid distribution in October of the following school year.

Subd. 5. Each year, beginning in 1978, based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall determine the distribution to each school district of the amount of revenue lost as a result of the reduction in property taxes provided in section 273.132. On or before July 15, 1978, and on or before July 15 of each year thereafter, the commissioner of revenue shall certify the amounts so determined to the department of education. Beginning in 1978, the department of education shall pay each school district one-half of its distribution in August and the remaining one-half in the following November, as part of the foundation aid payment to each district in those months.

Sec. 3. Minnesota Statutes 1976, Section 124.14, Subdivision 2, is amended to read:

Subd. 2. Such moneys as are necessary to make the distribution of the school aids annually are hereby appropriated from the funds or accounts in the state treasury authorized by law for such purposes. There is annually appropriated from the general fund to the department of education the amounts necessary for foundation aid and transportation aid. These amounts shall be reduced by the amount of any funds specifically appropriated for the same purpose in any year from any state fund.

Sec. 4. Minnesota Statutes 1976, 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 *who is enrolled in the school district on October 1* shall be counted as an additional five-tenths pupil unit. By ~~May~~ *March 1* of each year the department of public welfare is ~~directed to furnish~~ *shall certify* 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 *who were enrolled in the school district on the preceding October 1* 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 greater of (a) the average of actual pupil units in the district for the two prior years and the current years in a district with boundaries coterminous with the boundaries of a city of the first class and shall be year or (b) the number of actual pupil units for the current year increased by .6 times the difference between the actual pupil units for the two years in any other district prior year and the current year*. 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. 5. Minnesota Statutes 1976, 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 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 124.222 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. 6. Minnesota Statutes 1976, Section 124.17, is amended by adding a subdivision to read:

Subd. 2b. Notwithstanding subdivision 2, pupils enrolled in the Minnesota National Guard program shall be construed to be in

attendance for purposes of computing average daily membership during any period of the regular school year, but not to include summer school, during which the pupil is attending military active duty training pursuant to that program. During that period of military active duty training, the pupil shall earn all aid for the district of residence or attendance which would be otherwise earned by his presence.

Sec. 7. Minnesota Statutes 1976, Section 124.19, Subdivision 1, is amended to read:

124.19 [REQUIREMENTS FOR AID GENERALLY.] Subdivision 1. Every district which receives special state aid shall maintain school or provide instruction in other districts, in state university laboratory school or in the university laboratory school, at least a minimum term as defined by the state board. The normal school year when school is in session shall be not less than 175 days or their equivalent. A district which holds school for that period and is otherwise qualified is entitled to special state aid as by law provided. If school is held a less period such special state aid shall be reduced in the proportion ~~that by the ratio that the difference between 175 days and the number of days school is held bears to 175 days effective the 1970-71 school year and thereafter~~, multiplied by 60 percent of the product of the district's foundation aid formula allowance times its pupil units for that year; but districts maintaining less than the required minimum number of days of school in session do not lose special state aid if the circumstances causing such loss of school time below the required minimum number of days were beyond the control of the board and provided proper evidence has been submitted and a good faith attempt made to make up time lost on account of these circumstances; ~~provided further, that~~. Days devoted to teachers' institutes or other meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school in session. *Effective the 1977-1978 school year, not more than five days may be devoted to parent-teacher conferences or teachers' workshops as part of the required minimum number of days school is in session.*

Sec. 8. Minnesota Statutes 1976, Section 124.212, Subdivision 1, is amended to read:

124.212 [FOUNDATION AID.] Subdivision 1. The foundation aid program for school districts for school years ~~1975-1976 1977-1978 and 1976-1977 1978-1979~~ shall be governed by the terms and provisions of this section.

Sec. 9. Minnesota Statutes 1976, Section 124.212, Subdivision 3a, is amended to read:

Subd. 3a. Notwithstanding any of the other provisions of this section, for the ~~1975-1976 1977-1978~~ school year neither the sum nor the sum per pupil unit of the aggregate foundation aid earned by a district maintaining a classified secondary school and the amount raised by the maximum levy authorized by Minnesota Statutes ~~1974 1976~~, Section 275.125, Subdivision 2a, Clause (2)

and for the 1976-1977 1978-1979 school year neither the sum nor the sum per pupil unit of the aggregate foundation aid earned by such a district and the amount raised by the maximum levy authorized for 1975 in 1977 by section 275.125, subdivision 2a, clause (1), shall be less than the sum or the sum per pupil unit respectively of the aggregate foundation aid earned for the 1972-1973 school year, any payments earned for 1972-1973 which but for the operation of Minnesota Statutes 1971, Section 124.212, Subdivision 3, would not have been earned, and the amount raised by the levy authorized by Minnesota Statutes 1971, Section 275.125, Subdivision 2, Clause (1). Aggregate foundation aid includes foundation aid for all pupil units, except units computed in section 124.17, subdivision 1, clause (3). For purposes of this computation pupil units used as a divisor shall include only those units identified in section 124.17, subdivision 1, clauses (1) and (2).

Sec. 10. Minnesota Statutes 1976, Section 124.212, Subdivision 4, is amended to read:

Subd. 4. The amount of money received by a school district as income from the permanent school fund for any year, shall be deducted from the foundation aid earned by the district for the same year including aid earned pursuant to subdivision 3a or from aid earned from other state sources.

Sec. 11. Minnesota Statutes 1976, Section 124.212, is amended by adding a subdivision to read:

Subd. 5a. (1) *In the 1977-1978 school year and each school year thereafter, the amount of money apportioned to a school district in that year pursuant to section 124.10, subdivision 2 which exceeds the amount apportioned to that district pursuant to section 124.10, subdivision 2 in the 1976-1977 school year, shall be deducted from the foundation aid earned by that district for the same year.*

(2) *In addition to the deduction in clause (1), the following amounts apportioned pursuant to section 124.10, subdivision 2 shall be deducted from foundation aid in the school years designated:*

(a) *In the 1977-1978 school year, one-sixth of the amount apportioned, but not to exceed one-sixth of the amount apportioned in the 1976-1977 school year;*

(b) *In the 1978-1979 school year, one-third of the amount apportioned, but not to exceed one-third of the amount apportioned in the 1976-1977 school year;*

(c) *In the 1979-1980 school year, one-half of the amount apportioned, but not to exceed one-half of the amount apportioned in the 1976-1977 school year;*

(d) *In the 1980-1981 school year, two-thirds of the amount apportioned, but not to exceed two-thirds of the amount apportioned in the 1976-1977 school year; and*

(e) In the 1981-1982 school year, five-sixths of the amount apportioned, but not to exceed five-sixths of the amount apportioned in the 1976-1977 school year.

(3) In the 1982-1983 school year and each school year thereafter, the entire amount of money apportioned to a school district in that year pursuant to section 124.10, subdivision 2, shall be deducted from the foundation aid earned by that district for the same year.

Sec. 12. Minnesota Statutes 1976, Section 124.212, Subdivision 6b, is amended to read:

Subd. 6b. For the ~~1975-1976~~ 1977-1978 school year a district shall receive in foundation aid the lesser of (1) \$900 \$1,030 per pupil unit less 30 29 mills times the ~~1973~~ 1975 adjusted assessed valuation of the district, or (2) the amount that bears the same relation to the difference in (1) as the sum of the greater sum computed pursuant to Minnesota Statutes ~~1974~~ 1976, Section 124.212, Subdivision 7a 7b, Clause (2), and the greater of (a) ~~one-half~~ five-sixths of the difference that results when such greater sum is subtracted from \$900 \$1,030, or (b) \$75 \$70, bears to \$900 \$1,030.

Sec. 13. Minnesota Statutes 1976, Section 124.212, Subdivision 7b, is amended to read:

Subd. 7b. For the ~~1976-1977~~ 1978-1979 school year a district shall receive in foundation aid the lesser of ~~(1)~~ \$960 \$1,090 per pupil unit less 29 28 mills times the ~~1974~~ 1976 adjusted assessed valuation of the district or ~~(2)~~ the amount that bears the same relation to the difference in ~~(1)~~ as the sum of the greater sum computed pursuant to subdivision 6b, clause (2), and the greater of ~~(a)~~ two-thirds of the difference that results when such greater sum is subtracted from \$960, or ~~(b)~~ \$60, bears to \$960 plus the amount of the agricultural tax credit by which 1977 payable 1978 property taxes in the district are reduced pursuant to section 273.132.

Sec. 14. Minnesota Statutes 1976, 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; 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 law

distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; the foundation aid shall be reduced in the August-October 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. *If the October adjustment of a district's foundation aid for a fiscal year is a negative amount because of this clause, the next fiscal year's foundation aid to that district shall be reduced by this negative amount. The amount reduced from foundation aid pursuant to this clause shall be recognized as revenue in the fiscal year to which the October adjustment payment is attributable.*

Sec. 15. Minnesota Statutes 1976, Section 124.212, is amended by adding a subdivision to read:

Subd. 9a. Shared time pupils are defined as those pupils who attend public schools for part of the regular school day and who otherwise fulfill the requirements of section 120.10 by attendance at a private school.

(a) The average daily membership of a pupil enrolled on a shared time basis shall equal the ratio of the total minutes for which the pupil is enrolled and the minimum minutes required during the year for a regularly enrolled public school pupil.

(b) Foundation aid for shared time pupils shall equal the amount which would accrue if shared time pupil units, counted pursuant to section 124.17, 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 average daily membership shall not be used in the computation of pupil units under section 124.17, subdivision 1, for any purpose other than the computation of shared time foundation aid pursuant to this subdivision.

(c) Foundation aid for shared time pupils shall be paid to the district of the pupil's residence. If a pupil attends shared time classes in another district, the resident district shall pay to the district of attendance an amount of tuition equal to the ratio in clause (a) times the amount of tuition which would be charged and paid for a nonresident public school pupil in a similar circumstance. The district of residence shall not be obligated for tuition except by previous agreement.

(d) Notwithstanding the provisions of clause (c), the resident district of a shared time pupil attending shared time classes in another district may grant the district of attendance, upon its request, permission to claim the pupil as a resident for state aid purposes. In this case, state aid shall be paid to the district of attendance.

Sec. 16. Minnesota Statutes 1976, Section 124.213, is amended to read:

124.213 [AID RECAPTURE.] Subdivision 1. 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 or 124.573; (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) \$56.~~ 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.

Subd. 2. *For the 1977-1978 school year, the foundation aid formula allowance shall equal the lesser of \$1,030 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 \$1,030, or (b) \$70. The foundation aid formula allowance shall be \$1,090 for the 1978-1979 school year.*

Sec. 17. Minnesota Statutes 1976, Section 124.212, is amended by adding a subdivision to read:

Subd. 21. *Foundation aids shall be paid to the district of residence unless otherwise specifically provided by law.*

Sec. 18. Minnesota Statutes 1976, Section 273.132, is amended to read:

273.132 [STATE PAID AGRICULTURAL CREDIT.] The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to the tax levy that would be produced by applying a rate of 12 mills on the property. The county auditor shall reduce the tax for school purposes on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, by an amount that would be produced by applying a rate of ten mills on the property. The amounts

so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

In 1977, payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this section. In 1978, payment shall be made pursuant to sections 124.212, subdivision 7b and 124.11, for the purpose of replacing revenue lost as a result of the reduction in property taxes provided in this section. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make these payments in fiscal year 1978. There is appropriated from the general fund in the state treasury to the department of education the amount necessary to make these payments in fiscal year 1979 and thereafter.

Sec. 19. Minnesota Statutes 1976, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. (1) In ~~1975~~ 1977, a school district may levy for all general and special school purposes, an amount equal to the amount raised by 28 mills times the 1974 1976 adjusted assessed valuation of the district ~~times the number of mills, not to exceed 20, that bears the same relation to 20, as the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), bears to \$900.~~

(2) In ~~1975~~ 1978, a school district may levy for all general and special school purposes, an amount equal to the amount raised by 27 mills times the ~~1975~~ 1977 adjusted assessed valuation of the district ~~times the number of mills, not to exceed 20, that bears the same relation to 20, 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) (a) 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 to approve a levy increase which will commence in a specific 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) state the maximum amount of the increased levy in mills, the amount that will be raised by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The question may designate a specific number of years for which the referendum authorization shall apply. If approved, the amount provided by the approved millage applied to each year's assessed taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked by the voters of the district at a subsequent referendum; which.

(b) A referendum on the question of revoking the increased levy amount authorized pursuant to clause (a) of this clause 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. The amount approved by the voters of the district pursuant to clause (a) of this clause must be levied at least once before it is subject to a referendum on its revocation for subsequent years. Only one such revocation election may be held to revoke a levy for any specific year and for years thereafter.

(c) A petition authorized by clauses (a) or (b) of 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.

(d) 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.

(e) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 20. Minnesota Statutes 1976, 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 autho-

rized by subdivisions 3 to 14 by that portion of the previous year's payment not deducted from foundation aid on account of the payment. 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 this section to be 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 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 subdivision 2a, clause (4) shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) *Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by Article VI, Section 9, of this act, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to that subdivision. The reduction of the capital expenditure levy shall be computed on the basis of the amount so ascertained.*

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year 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. 21. [REPEALER.] *Minnesota Statutes 1976, Sections 124.19, Subdivision 2; and 124.212, Subdivision 19, are repealed.*

Sec. 22. [REPEALER.] *Minnesota Statutes 1976, Section 124.212, Subdivision 3a, is repealed effective July 1, 1979.*

Sec. 23. [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. [FOUNDATION AID.] *For foundation aid there is appropriated:*

\$611,600,000.....1978,

\$634,300,000.....1979.

(a) *The appropriation in this subdivision for fiscal year 1978 includes not to exceed \$60,000,000 for the payment of the final foundation aid distribution for fiscal year 1977, of which not to exceed \$8,241,000 is for foundation aid for 1977 summer school programs.*

(b) *The appropriation in this subdivision for fiscal year 1979 includes not to exceed \$58,150,000 for the payment of the final foundation aid distribution for fiscal year 1978, of which not to exceed \$8,850,000 is for foundation aid for 1978 summer school programs.*

Subd. 3. *Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.*

Sec. 24. [EFFECTIVE DATE.] *Section 14 of this article is effective the day following final enactment. Section 10 of this article is effective July 1, 1979.*

ARTICLE II

TRANSPORTATION AID PROGRAM

Section 1. *Minnesota Statutes 1976, Section 124.14, Subdivision 1, is amended to read:*

124.14 [DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION.] Subdivision 1. The state board shall supervise distribution of the school aids in accordance with law. It may make rules and regulations consistent with law for such distribution which will enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for such reports and accounts to it as will assure accurate and lawful apportionment of aids. It shall require that the *membership and pupil unit count* of a minimum of 25 school districts be audited each fiscal year. The audits shall be conducted at random throughout the state with no prior notice to any district. *At the time of each audit, the auditors shall also examine the appropriate factors that related to the determination of the authorized transportation costs and aids for that district. In districts where a post-secondary vocational-technical school is located, the audit shall include an audit of the membership of that school.* Disparities between *membership and pupil unit counts or transportation data* reported by the school districts and those found by the auditors shall be reported to the commissioner who shall order an increase or reduction of foundation or transportation aids accordingly. A reduction of foundation or transportation aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the state board, and the accounts and records of any district are open to inspection by the state auditor, or the state board.

Sec. 2. Minnesota Statutes 1976, Section 124.222, Subdivision 1a, is amended to read:

Subd. 1a. [COMPUTATION.] For the ~~1975-1976~~ 1977-1978 school year the state shall pay to each school district for all school transportation and related services for which the district is authorized by law to receive state aid:

(1) The lesser product of either:

(a) The actual net operating cost per eligible pupil transported during the ~~1975~~ 1978 fiscal year times the number of eligible pupils transported during the ~~1976~~ 1978 fiscal year; or

(b) One hundred ~~eighteen~~ *seventeen* percent of the actual net operating cost per eligible pupil transported during the ~~1974~~ 1976 fiscal year, times the number of eligible pupils transported during the ~~1976~~ 1978 fiscal year;

(2) Minus the amount raised by a levy of one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy collected in calendar year ~~1975~~ 1977 ;

(3) Plus, the amount of depreciation for one year on the school bus fleet computed by the department of education on a straight line basis at the rate of 12½ percent per year of the cost of the fleet - The net cost after salvage of all equipment added to or installed in a school bus specifically to meet special needs of handicapped individuals shall be added to the remaining undepreciated

value of that bus and depreciated over the remainder of the depreciation term for that bus ;

(4) *Plus, the amount of depreciation for one year on school buses reconditioned by the department of corrections. This depreciation shall be computed by the department of education on a straight line basis at the rate of $33\frac{1}{3}$ percent per year of the cost to the district of the reconditioning .*

Sec. 3. Minnesota Statutes 1976, Section 124.222, Subdivision 1b, is amended to read:

Subd. 1b. [COMPUTATION.] For the ~~1976-1977~~ 1978-1979 school year the state shall pay to each school district for all school transportation and related services for which the district is authorized by law to receive state aid:

(1) The lesser product of either:

(a) The actual net operating cost per eligible pupil transported during the ~~1977~~ 1979 fiscal year times the number of eligible pupils transported during the ~~1977~~ 1979 fiscal year; or

(b) One hundred ~~twenty-four~~ *twenty-seven* percent of the actual net operating cost per eligible pupil transported during the ~~1974~~ 1976 fiscal year, times the number of eligible pupils transported during the ~~1977~~ 1979 fiscal year;

(2) Minus the amount raised by a levy of one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy collected in calendar year ~~1976~~ 1978 ;

(3) Plus, the amount of depreciation for one year on the school bus fleet computed by the department of education on a straight line basis at the rate of $12\frac{1}{2}$ percent per year of the cost of the fleet . The net cost after salvage of all equipment added to or installed in a school bus specifically to meet special needs of handicapped individuals shall be added to the remaining undepreciated value of that bus and depreciated over the remainder of the depreciation term for that bus ;

(4) *Plus, the amount of depreciation for one year on school buses reconditioned by the department of corrections. This depreciation shall be computed by the department of education on a straight line basis at the rate of $33\frac{1}{3}$ percent per year of the cost to the district of the reconditioning .*

Sec. 4. Minnesota Statutes 1976, Section 124.222, Subdivision 2a, is amended to read:

Subd. 2a. [HANDICAPPED PUPIL TRANSPORTATION; COST.] (1) In addition to the amounts authorized in subdivision 1a, if the actual net operating cost per eligible handicapped pupil transported during the ~~1976~~ 1978 fiscal year exceeds ~~128~~ 127 percent of the actual net operating cost per eligible handicapped pupil transported during the ~~1974~~ 1976 fiscal year, the state shall pay to the district 80 percent of the cost for this handicapped transportation in excess of this ~~128~~ 127 percent.

(2) In addition to the amounts authorized in subdivision 1b, if the actual net operating cost per eligible handicapped pupil transported during the 1977 1979 fiscal year exceeds 134 137 percent of the actual net operating cost per eligible handicapped pupil transported during the 1974 1976 fiscal year, the state shall pay to the district 80 percent of the costs for this handicapped transportation in excess of this 134 137 percent.

Sec. 5. Minnesota Statutes 1976, Section 124.222, Subdivision 3, is amended to read:

Subd. 3. [PAYMENT SCHEDULE.] 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 school transportation aid entitlement for the fiscal year on or before each of the following dates: ~~September 30~~ August 31, December 31, and March 31. ~~The amount of transportation aid for school bus depreciation shall be paid on or before September 30. The actual balance due the final aid distribution to each district shall be paid made on or before August~~ October 31 of the following fiscal year.

Sec. 6. Minnesota Statutes 1976, Section 124.222, Subdivision 6, is amended to read:

Subd. 6. [BASE COST ADJUSTMENTS.] For the purposes of payment of transportation aids, in the 1976 1978 fiscal year and thereafter, the commissioner of education may adjust the base cost per eligible pupil transported during the 1974 1976 fiscal year to reflect changes in costs resulting from the following:

(a) Alterations in school district boundaries if application is made prior to December 15 of the school year following the year in which the alterations are made;

(b) Omissions in school district reports if application is made prior to December 15, 1977;

(c) The addition by the district of an authorized transportation aid category if that category of transportation was not provided during the 1976 fiscal year if application is made prior to December 15 of the school year following the year in which the additional transportation is provided;

(d) Omissions in school district reports determined by the legislative auditor;

(e) Increased costs resulting from changes in transportation patterns required by a schoolhouse closing provided that (1) the cost increases can be demonstrated to be a direct result of the closing;

(2) the increases result in costs above the formula limitation; and

(3) application is made prior to December 15 of the school year following the last school year in which the schoolhouse is open.

In the 1978 fiscal year and thereafter, the commissioner shall appropriately adjust the base cost per eligible pupil transported during the 1976 fiscal year to reflect changes in the treatment of

depreciation and qualification for depreciation aid resulting from changes in school bus fleet ownership from district owned and managed to privately owned and contracted or from privately owned and contracted to district owned and managed. Districts shall report any such changes to the commissioner within 60 days of the date the changes are made.

Prior to making any base cost change pursuant to this subdivision, the department shall examine the appropriate factors that relate to the determination of the authorized transportation costs and aid for that district.

Sec. 7. Minnesota Statutes 1976, Section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.] For the ~~1974-1975~~ 1977-1978 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 *for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center*;

(4) Transportation or board and lodging of a handicapped pupil when ~~he~~ *that pupil* 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)~~ (6) 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)~~ (7) Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

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

(9) Transportation to; from or between educational facilities located in any of two or more school districts jointly offering academic classes for resident pupils of any of these districts, if this transportation is provided in conjunction with transportation of resident pupils to a state board approved secondary vocational center.

Sec. 8. Minnesota Statutes 1976, Section 275.125, is amended by adding a subdivision to read:

Subd. 5a. Upon approval of the commissioner, a district may levy for increased transportation costs above the formula limitation resulting from changes in transportation patterns required by leasing a school in another district provided that the cost increases are estimated to be a direct result of leasing that school and the increases result in costs above the formula limitation. The commissioner shall approve a specific dollar amount which may be levied because of these increased costs. The levy authorized by this subdivision may be computed on the basis of estimated increased costs. In the first year a district makes the levy authorized by this subdivision, the commissioner may authorize a levy sufficient to pay for estimated increased costs resulting from leasing for two years. The amount provided by this levy shall not be included in the computation of the actual net operating cost per pupil transported in future years.

Sec. 9. [REPEALER.] Minnesota Statutes 1976, Section 124.222, Subdivisions 4 and 5, are repealed.

Sec. 10. [BUS RECONDITIONING APPROPRIATION.] There is appropriated from the general fund to the department of corrections the sum of \$200,000 for the year ending June 30, 1978 and the sum of \$216,000 for the year ending June 30, 1979 for the reconditioning of school district owned buses by that department. The appropriations in this section include \$50,000 in 1978 and \$25,000 in 1979 for start-up costs incurred for this program. School buses reconditioned by the department of corrections shall be eight years old or older or have high mileage or be in extensive need of repair. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

Sec. 11. [TRANSPORTATION AID 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. For transportation aid there is appropriated:

\$74,815,000 1978

\$78,310,000 1979

(a) *The appropriation in this subdivision for fiscal year 1978 includes not to exceed \$6,546,400 for the payment of the final transportation aid distribution to each district for fiscal year 1977.*

(b) *The appropriation in this subdivision for fiscal year 1979 includes not to exceed \$6,947,000 for the payment of the final transportation aid distribution to each district for fiscal year 1978.*

(c) *The appropriations in this subdivision also include not to exceed \$500,000 in 1978 and \$600,000 in 1979 for transportation aid pursuant to section 124.222, subdivision 2a. These amounts are the total appropriations for this purpose for each year.*

(d) *The appropriations in this subdivision also include not to exceed \$150,000 in each year indicated for transportation aid pursuant to section 7, clause (9) of this article. These amounts are the total appropriations for this purpose for each year.*

Subd. 3. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount indicated for either year in subdivision 2, clause (c) or (d) of this section, is insufficient for the purpose indicated, the aid for that year for that purpose shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriation for that purpose.

Sec. 12. [EFFECTIVE DATE.] Section 5 of this article is effective the day following final enactment.

ARTICLE III

SPECIAL EDUCATION AID PROGRAM

Section 1. Minnesota Statutes 1976, 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. School age means the ages of four years to 21 years for children who are handicapped as defined in section 120.03 and shall not extend beyond secondary school or its equivalent. *For purposes of this subdivision, the age of a handicapped child shall be his age as of September 1 of the calendar year in which the school year for which he seeks special instruction and services commences.* 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, train-

ing and services for handicapped children as defined in section 120.03.

Sec. 2. Minnesota Statutes 1976, Section 120.17, Subdivision 1a, is amended to read:

Subd. 1a. School districts may provide special instruction and services through the school year in which the pupil reaches age 25 for trainable mentally retarded pupils as defined in section 120.03, subdivision 4, who have attended public school less than nine years prior to September, 1975.

Any district may provide special instruction and services for these trainable mentally retarded pupils living within the district, including nonresident pupils temporarily placed in the district pursuant to section 120.17, subdivision 6 or 7. Prior to October 1 or 30 days after placement, whichever is later in the school year, the providing district shall give notice to the district of residence of any nonresident pupil placed in the district pursuant to subdivision 6 or 7, of its intention to provide the special instruction and services and bill the district of residence for the actual unreimbursed costs of providing the special instruction and services. The unreimbursed actual cost of providing the special instruction and services for eligible nonresident pupils shall be billed to the district of the pupil's residence and shall be paid by the resident district. The district of residence may claim state aid for these pupils as if the pupils were under 21 years of age.

This subdivision shall expire on June 30, 1983.

Sec. 3. Minnesota Statutes 1976, Section 120.17, Subdivision 5a, is amended to read:

Subd. 5a. Every district may provide summer programs for handicapped children living within the district, including nonresident children temporarily placed in the district pursuant to subdivisions 6 or 7. Prior to March 31 or 30 days after the handicapped child is placed in the district, whichever is later, the providing district shall give notice to the district of residence of any nonresident children temporarily placed in the district pursuant to subdivisions 6 or 7, of its intention to provide these programs. Notwithstanding any contrary provisions in subdivisions 6 and 7, the school district providing the special instruction and services shall apply for all state aid for the summer program, including special state aid pursuant to section 124.32, foundation aid and transportation aid. For the purposes of computing foundation aid for these programs, all pupils enrolled in these programs shall be construed to be residents of the district providing the programs. The unreimbursed actual cost of providing the program for nonresident handicapped children may be billed to the district of the child's residence and shall be paid by the resident district. ~~This subdivision shall be effective March 1, 1976.~~

Sec. 4. Minnesota Statutes 1976, Section 120.17, Subdivision 7a, is amended to read:

Subd. 7a. [ATTENDANCE AT SCHOOL FOR THE HANDICAPPED.] 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 128A.05, subdivisions 1 or 2 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 ;

(d) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to make a tuition charge for less than the amount specified in clause (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board for less than the amount specified in clause (c) for providing appropriate educational programs to pupils attending the applicable school .

Sec. 5. Minnesota Statutes 1976, Section 123.581, Subdivision 1, is amended to read:

123.581 [PROGRAMS FOR IN-SERVICE TRAINING FOR REGULAR CLASSROOM TEACHERS IN TECHNIQUES OF EDUCATION OF HANDICAPPED PUPILS.] Subdivision 1. [ESTABLISHMENT.] ~~Pilot~~ Programs for in-service training for regular classroom teachers , *assistant principals and principals* in techniques of education of ~~mildly learning disabled and retarded~~ *handicapped* pupils shall be established in school districts designated by the state board of education. Funds for these ~~pilot~~ programs shall be granted by the state board upon the recommendation of the advisory council for ~~special education of mildly learning disabled pupils and mildly retarded pupils in-service train-~~

ing in techniques of education of handicapped pupils. Handicapped pupils for the purposes of section 123.581, are those defined in section 120.03.

Sec. 6. Minnesota Statutes 1976, Section 123.581, Subdivision 2, is amended to read:

Subd. 2. [ADVISORY COUNCIL.] There is hereby established the advisory council for special education of mildly learning disabled pupils and mildly retarded in-service training in techniques of education of handicapped pupils, which shall be responsible for recommending grants for and assisting the districts in developing the pilot programs of in-service teacher training.

Sec. 7. Minnesota Statutes 1976, Section 123.581, Subdivision 3, is amended to read:

Subd. 3. [MEMBERSHIP.] The advisory council shall consist of 12 members who shall be appointed by the commissioner of education. Nine members shall be professionally qualified in the fields of special or general education, and three shall be public members. The professionally qualified members shall be representative of teacher training departments or institutions, educators acting as consultants in the field of special learning behavior problems, mental retardation, and other educational handicaps and the department of education. The public members shall be representative of associations and organizations concerned with the problems of learning disabled pupils and retarded handicapped pupils.

Sec. 8. Minnesota Statutes 1976, Section 123.581, Subdivision 6, is amended to read:

Subd. 6. [REQUIREMENTS FOR PROGRAMS.] A grant received by the district shall be used solely for costs incurred in the in-service training of the teachers and shall not be used for any other general education or special education functions. Applications for grants may be considered from districts initiating an in-service training program or continuing an existing program. A single district may initiate or continue a program or may join with another district or other districts. A district may cooperate with other districts in a special educational regional council, educational service area, or educational cooperative service unit wherever such arrangement is available. Distribution of funds between or among the pilot programs shall depend upon the needs of the district, its population, and the number of teachers to be trained in the program. There is no requirement that funds be equally distributed.

Sec. 9. Minnesota Statutes 1976, Section 124.32, is amended to read:

124.32 [HANDICAPPED CHILDREN.] Subdivision 1. The state shall pay to any district: (a) for the employment in its educational program for handicapped children, no less than 55 and not more than 75 60 percent of the salary of essential personnel in 1977-1978 and 65 percent of the salary of essential personnel in

1978-1979 , but this amount shall not exceed \$11,000 \$11,500 in 1977-1978 or \$12,000 in 1978-1979 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, whether the essential personnel are employed by a district alone or jointly with another district;

(b) plus 10 five 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 this section, for the 1976-1977 1977-1978 school year, the foundation aid formula allowance per pupil unit shall be the lesser of \$960 \$1,030 or the greater sum computed pursuant to section 124.212, subdivision 7b 6b , clause (2). For the 1978-1979 school year, the foundation aid formula allowance per pupil unit shall be \$1,090. Computations of foundation aid formula allowances pursuant to this section 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 this section, 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 60 percent of the difference between 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 (e);

(2) less 25 percent of and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full time basis .

Subd. 2. The state shall pay each district for supplies and equipment purchased or rented for use in the instruction of handi-

capped children an amount equal to one-half of the sum actually expended by the district 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. *The aids provided for educational programs for handicapped children shall be paid 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 of the pupils' residence. The total amount of aid paid may not exceed the amount expended for handicapped children 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 the 60 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 formula allowance in the resident district for each handicapped child placed in a residential facility. Not more than \$400,000 \$500,000 for 1977-1978 and \$600,000 for 1978-1979 shall be spent annually paid for the purposes of implementing this subdivision.~~ If that amount does not suffice, the aid shall be prorated 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 pay each district the actual cost incurred in providing instruction and services for a handicapped child whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treat-

ment. 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 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 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 *proposed as eligible for state aid pursuant to this section* and of the estimated number and grade level of handicapped children in *average daily membership* in the district who 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 *for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application in order to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to handicapped children pursuant to section 120.17. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel he determines to be unnecessary or unessential on the basis of this review. 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 amount* 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 *any substantial* 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 31 and March

31. The final aid distribution to the district shall be made on or before August 31 October 31 of the following year.

Subd. 10. *The state shall pay aid for 1977 summer school programs for handicapped children on the basis of the formula applicable to the 1977-1978 school year. Beginning with the summer of 1977 1978, 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. The review of these applications shall be as provided in subdivision 7. 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 amount 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 this section.

(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 April 14, 1976.

(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 121.014.

(c) Notwithstanding the provisions of section 275.125, subdivision 9a, clause (2) 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 275.125 and the amount

deposited pursuant to Laws 1976, Chapter 271, Section 94 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 275.25, subdivision 9a 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 reflected 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 expenditure 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. *Special School District No. 1 shall be allowed to maintain as an appropriated fund balance in its general fund on June 30, 1977 the unexpended balance of the \$4,700,000 deficit financing authorized by Minnesota Statutes 1976, Section 124.32, Subdivision 11. This appropriated fund balance amount shall be treated by the commissioner the same as he would treat any appropriated fund balance amount for the purpose of calculating operating debt pursuant to section 121.914. Moreover, this amount shall only be available to finance the 1977-1978 special education budget of the district.*

This subdivision shall expire on July 1, 1978.

Sec. 10. Minnesota Statutes 1976, Section 128A.02, Subdivision 2, is amended to read:

Subd. 2. The state board shall *may* promulgate rules regarding the maintenance and conduct operation 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.

Sec. 11. Minnesota Statutes 1976, Section 128A.02, Subdivision 3, is amended to read:

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 teaching 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.

Sec. 12. Minnesota Statutes 1976, Section 128A.06, is amended to read:

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 five 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 committee by June 1 upon the appropriate forms provided by the field consultant or the district superintendent commissioner of education. The admissions and discharge committee shall make its decisions by July 1 decide whether to admit a child on the basis of a review of the educational record and needs of the child, including the record of the decision by the child's district of residence pursuant to sections 120.17 and 128A.05, subdivision 1 or 2, to apply for the child's admission. An admittance shall be provisional until it is determined that the individual comes within the provisions of section 128A.05, subdivisions 1 or 2.

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 July 1, 1978 that that individual comes within the provisions of section 128A.05, subdivision 1 or 2.

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 procedural safeguards contained in the rules of the state board.

Subd. 5. The progress of an individual in attendance at either school shall be periodically 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. The actions and decisions of the admissions and discharge committee shall be subject to state board rules. Decisions concerning admittance and, discharge and an individual's educa-

tional program 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. 13. Laws 1976, Chapter 271, Section 94, is amended to read:

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 " ~~appropriated fund balance reserve account for purposes of reducing statutory operating debt~~ " established pursuant to Minnesota Statutes, Section 275.125, Subdivision 9a.

Sec. 14. [APPROPRIATION.] *There is appropriated from the general fund to the department of education for the purposes of section 123.581 the sum of \$1,500,000 to be available until July 1, 1979. Of this amount, \$16,200 shall be available for the year ending June 30, 1978 for the employment of one-half professional and one-half clerical employee beyond the existing complement of the department of education; \$16,200 shall be available for the year ending June 30, 1979 for the employment of one-half professional and one-half clerical employee beyond the existing complement of the department; and \$2,800 shall be available until June 30, 1979 for the payment of other necessary expenses incurred in the administration of section 123.581.*

Sec. 15. [DEFICIENCY APPROPRIATION.] *The sum of \$3,889,150 is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1977 for the payment of a deficiency in funds available for payment of special education aids in that fiscal year. This appropriation shall be added to the sums appropriated for fiscal year 1977 for special education aid in Laws 1975, Chapter 432, Section 96, Clause (3) and in Laws 1976, Chapter 271, Section 97, Subdivision 3.*

Sec. 16. [SPECIAL EDUCATION AID; 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. For special education aid there is appropriated:

\$66,225,000 1978,

\$78,140,000 1979.

(a) The appropriation in this subdivision for fiscal year 1978 includes not to exceed \$8,177,000 for the payment of the final special education aid distribution to each district for fiscal year 1977, of which not to exceed \$2,800,000 is for special education aid for 1977 summer school programs.

(b) *The appropriation in this subdivision for fiscal year 1979 includes not to exceed \$10,373,317 for the payment of the final special education aid distribution to each school district for fiscal year 1978, of which not to exceed \$3,780,000 is for special education aid for 1978 summer school programs.*

(c) *The appropriations in this subdivision include not to exceed \$500,000 in 1978 and \$600,000 in 1979 for aid pursuant to section 124.32, subdivision 5. These amounts are the total appropriations for this purpose for each year.*

Subd. 3. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 17. [EFFECTIVE DATE.] *Sections 3, 5, 6, 7, 8, 14 and 15 and section 9, subdivisions 7, 9 and 10 of this article shall be effective the day following final enactment. Section 2 of this article shall be effective August 15, 1977.*

ARTICLE IV

COMMUNITY AND ADULT EDUCATION AID PROGRAMS

Section 1. *Minnesota Statutes 1976, Section 121.88, is amended to read:*

121.88 [DISTRICT PROGRAMS; CITIZENS ADVISORY COUNCIL.] *Subdivision 1. The board of education of each school district of the state is hereby authorized to initiate a community school program in its district and to provide for the general supervision of said program. Each board may, as it considers appropriate, employ community school directors and coordinators to further the purposes of the community school program. The salaries of the directors and coordinators shall be paid by the board.*

Subd. 2. Each board shall provide for a citizens advisory council to consist of members who represent : the various service organizations ; ; churches ; ; private schools ; ; local government ; ; park, recreation or forestry services of municipal or local government units located in whole or in part within the boundaries of the school district; and any other groups participating in the community school program in the school district.

Subd. 3. The council shall function in cooperation with the community school director in an advisory capacity in the interest of promoting the goals and objectives of sections 121.85 to 121.88.

Subd. 4. Each council shall adopt a policy to reduce and eliminate program duplication within the district.

Sec. 2. Minnesota Statutes 1976, Section 124.26, Subdivision 1, is amended to read:

124.26 [EDUCATION PROGRAMS FOR ADULTS.] Subdivision 1. For evening schools and continuing education programs for adults established for persons over 16 years of age and not in attendance upon regular day schools, the state shall compensate any district maintaining such programs in accordance with requirements established by the state board from funds appropriated for that purpose, or such funds combined with federal funds insofar as federal funds are available. ~~Beginning July 1, 1975, The state shall not reimburse expenditures from the 1974-1975 school year programs, but shall pay these aids for the 1975-1976 school year programs and for each year thereafter on a current funding basis.~~ The portion of such compensation from state appropriation shall be 90 percent of the compensation paid each teacher for his services in such programs up to \$8,000 per year based on the costs in that current year. All classes shall be tuition free when taught by teachers subsidized under this section and there shall be no charge for registration, materials and supplies, or G.E.D. tests. Evening school and continuing education programs are defined as those public day or evening school programs which are established for persons over 16 years of age not in attendance at the full time elementary or secondary schools and which qualify such persons for the high school diploma, the high school equivalency certificate or for academic achievement at the secondary level.

Sec. 3. Minnesota Statutes 1976, Section 124.26, Subdivision 4, is amended to read:

Subd. 4. 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~~ August 31, December 31, and March 31. The actual balance due ~~the final aid distribution to each district shall be paid made on or before August~~ October 31 of the following fiscal year.

Sec. 4. Minnesota Statutes 1976, Section 124.271, Subdivision 2, is amended to read:

Subd. 2. In fiscal year ~~1977~~ 1978 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 established ~~promulgated~~ 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, *clause (1)*, for use in that year.

Sec. 5. Minnesota Statutes 1976, 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 1977, and each year thereafter, a district with a population of fewer than 16,000 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 amount certified pursuant to this subdivision in 1976. These levies shall be used for community services including summer school, nonvocational adult programs, recreation and leisure time activity programs, and programs contemplated by sections 121.85 to 121.88. For purposes of computing the levy limitation pursuant to this subdivision, the amount certified pursuant to this subdivision in 1976 shall not reflect reductions pursuant to subdivision 9.

(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 16, 1977, on how these funds were expended.

(3) (2) 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. The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to make a levy pursuant to this subdivision.

(4) (3) 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. 6. [REPEALER.] Minnesota Statutes 1976, Section 124.271, Subdivision 1, is repealed.

Sec. 7. [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. [ADULT EDUCATION AID.] For adult education aid pursuant to section 124.26, there is appropriated:

\$594,000.....1978,

\$600,000.....1979.

(a) The appropriation in this subdivision for fiscal year 1978 includes not to exceed \$54,000 for the payment of the final adult education aid distribution to the districts for fiscal year 1977.

(b) The appropriation in this subdivision for fiscal year 1979 includes not to exceed \$60,000 for the payment of the final adult education aid distribution to the districts for fiscal year 1978.

Subd. 3. [G.E.D. REIMBURSEMENT AID.] For G.E.D. reimbursement aid pursuant to section 124.26, subdivision 3, there is appropriated:

\$80,000.....1978;

\$80,000.....1979.

Subd. 4. [COMMUNITY EDUCATION AID.] For community education aid pursuant to section 124.271, there is appropriated:

\$1,600,000.....1978,

\$1,700,000.....1979.

Subd. 5. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 8. [EFFECTIVE DATE.] Section 3 of this article shall be effective the day following final enactment.

ARTICLE V

VOCATIONAL EDUCATION

Section 1. Minnesota Statutes 1976, Section 123.351, Subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The center board shall have the general charge of the business of the center and the ownership of facilities. Where applicable, section 123.36, shall apply. The center board may not issue bonds in its behalf. Each participating district may issue its bonds for the purpose of acquisition and betterment of center facilities in the amount certified by the center board to such participating district in accordance with chapter 475.

(b) The center board (1) may furnish vocational offerings to any eligible person residing in any participating district and ; (2) may provide special education for the handicapped and disadvantaged ; and (3) may provide any other educational programs or services agreed upon by the participating districts. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel .

(c) In accordance with subdivision 5, clause (b), the center board shall certify to each participating district the amount of funds assessed to the district as its proportionate share required for the conduct of the educational programs, payment of indebtedness, and all other proper expenses of the center.

(d) The center board shall employ and contract with necessary qualified teachers and administrators and may discharge the same for cause pursuant to section 125.12. The board may employ and discharge other necessary employees and may contract for other services deemed necessary.

(e) The center board may provide an educational program for high school secondary and adult vocational phases of instruction. The high school phase of its educational program shall be offered as a component of the comprehensive curriculum offered by each of the participating school districts. Graduation shall be from the student's resident high school district. Insofar as applicable, sections 123.35 to 123.40, shall apply.

(f) The center board may prescribe rates of tuition for attendance in its programs by adults and nonmember district secondary students.

Sec. 2. Minnesota Statutes 1976, Section 123.351, Subdivision 5, is amended to read:

Subd. 5. [FINANCING.] (a) Any center board established pursuant to this section is a public corporation and agency and may receive and disburse federal, state, and local funds made available to it. No participating school district shall have any additional individual liability for the debts or obligations of the center except that assessment which has been certified as its proportionate share in accordance with subdivision 5, clause (b) and subdivision 4, clauses (a) and (c). A member of the center board shall have such liability as is applicable to a member of an independent school district board. Any property, real or personal, acquired or owned by the center board for its purposes shall be exempt from taxation by the state or any of its political subdivisions.

(b) The center board may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district its proportionate share of any and all expenses. This share shall be based upon an equitable distribution formula agreed upon by the participating districts and approved by the state commissioner of education with approval by the state board of vocational education . Each participating

district shall remit its assessment to the center board within 30 days after receipt. The assessments shall be paid within the maximum levy limitations of each participating district.

Sec. 3. Minnesota Statutes 1976, Section 124.562, Subdivision 1, is amended to read:

124.562 [POST-SECONDARY VOCATIONAL FOUNDATION AID.] Subdivision 1. For the 1976-1977 school year A district shall receive post-secondary vocational foundation aid in the amount of \$2,000 \$2,120 for fiscal year 1978 and \$2,240 for fiscal year 1979, times the number of post-secondary vocational-technical pupils in average daily membership, as defined in subdivision 2, less the sum of (1) any amounts received as tuition and fees for post-secondary vocational-technical pupils, (2) the amount raised by the minimum levy required in 1975 by section 275.125, subdivision 13, for collection in the calendar year ending in that fiscal year, and (3) any amounts received for post-secondary vocational programs as federal vocational categorical aid and as special grants from state allocations of federal vocational funds, unless these grants are used to fund additional services beyond the normal program.

Sec. 4. Minnesota Statutes 1976, Section 124.563, Subdivision 1, is amended to read:

124.563 [POST-SECONDARY VOCATIONAL CATEGORICAL AND CAPITAL EXPENDITURE AID.] Subdivision 1. "Post-secondary vocational categorical aid" means all state and federal funds, exclusive of post-secondary vocational foundation, capital expenditure and debt service aid, apportioned by the state board for vocational education to local school districts for the purpose of assisting in the conduct of post-secondary vocational-technical training. No district shall qualify for post-secondary vocational categorical aid unless it has certified the minimum levy required by section 275.125, subdivision 13. This aid shall be given to districts conducting high cost programs which require funds in addition to the post-secondary vocational foundation aid provided, including vocational education programs for handicapped or disadvantaged persons and support services necessary to provide vocational education in the least restrictive setting possible. Post-secondary vocational categorical aid shall not be allocated by the state board or expended by a district for any of the purposes for which post-secondary vocational capital expenditure aid is allocated or expended.

Sec. 5. Minnesota Statutes 1976, 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 before February 15 of that year in the manner specified in section 124.561, subdivision 3a. 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. *A separate report shall be submitted for each distribution of each aid.* The report shall include (a) the recipients of the aid; (b) the amounts distributed, and (c) the *specific reasons for these distributions to each district*.

Sec. 6. Minnesota Statutes 1976, Section 124.565, Subdivision 1, is amended to read:

124.565 [POST-SECONDARY VOCATIONAL EDUCATION TUITION.] Subdivision 1. Any Minnesota resident who is under 21 years of age may attend a post-secondary vocational-technical school ~~without tuition~~, provided that the individual meets the entrance requirements for the training course in which enrollment is sought and the school has the room and the facility to receive him.

Sec. 7. Minnesota Statutes 1976, Section 124.565, Subdivision 3, is amended to read:

Subd. 3. Tuition at a post-secondary vocational-technical school for a Minnesota resident pupil ~~who does not come within the exemptions provided in subdivisions 1 and 2~~, shall be two dollars per day for each school day the pupil is enrolled.

Sec. 8. Minnesota Statutes 1976, Section 124.57, is amended to read:

124.57 [AID FOR VOCATIONAL EDUCATION.] *Subdivision 1.* Whenever any district shall have established a vocational school, department, or classes in accordance with the rules and regulations established by the state board adopted by that board, ~~and the plan for vocational education, and approved by the United States office of education or other federal agency to which its functions are assigned~~, the state board shall reimburse such district or state tax supported institution for its expenditures for salaries and necessary travel of vocational teachers or other reimbursable expenditures from federal funds and may supplement such federal funds with such state aid as it may deem desirable under such rules as it may adopt, provided, however, that in the event of such funds not being sufficient to make such reimbursement in full, the state board shall prorate the respective amounts available to the various districts entitled to receive reimbursement. All instruction may be given at the place of the abode of the pupils, ~~and adults may be given instruction in adjoining or nearby districts.~~

In like manner the state board shall have the power to reimburse other government agencies for expenditures for salaries and necessary travel expenses of vocational teachers from federal funds, according to rules and regulations adopted by the state board. *There shall be no reimbursement pursuant to this section for the*

salary or necessary travel of any vocational teacher who does not meet the work experience requirements for licensure pursuant to the state plan for vocational education.

Subd. 2. When local districts desire but cannot provide vocational instruction for the related training required by apprentices and other learners in the trade, industrial, and distributive fields, the state board is empowered upon request of such local district or districts to employ itinerant vocational teachers to provide this service and pay the salary and necessary travel expense from authorized federal and state vocational aid funds under such rules as it may adopt. An itinerant vocational teacher in this section is defined as a vocational teacher employed to give part-time or periodic vocational instruction in one or more districts.

This section Subd. 3. Subdivision 1 shall apply only to secondary and adult vocational education programs in the 1977-1978 school year. Sections 124.561 to 124.565 shall not apply to secondary and adult vocational education programs. Laws 1975, Chapter 422, Section 68 shall be effective July 1, 1976.

Sec. 9. Minnesota Statutes 1976, Section 124.572, is amended to read:

124.572 [CURRENT FUNDING FOR ADULT VOCATIONAL EDUCATION.] *Subdivision 1. 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.*

Subd. 2. In the 1977-1978 school year and thereafter, the state shall pay to any district or cooperative vocational center 75 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's adult vocational education programs. In addition, the state shall pay 50 percent of the costs of necessary travel between instructional sites by adult vocational education teachers. The aid paid by the state for salaries and travel pursuant to this subdivision shall be reduced by any authorized federal vocational aid funds paid by the department to that district or center for adult vocational education programs.

Subd. 3. This aid shall be paid only for services rendered or for travel costs incurred in adult vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board; provided, in 1977-1978 the department may pay this aid for programs operated in accordance with the state plan for vocational education and current state board rules. By 1978-1979, these rules shall provide minimum student-staff ratios required for an adult vocational education program to qualify for this aid. Except as provided in section 125.185, subdivision 4, by 1978-1979 rules relating to adult vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference.

Subd. 4. Boards may charge tuition for participation in adult vocational education programs. Nothing in this section shall prohibit the charging of differential tuition rates for residents or nonresidents of a district. If adult vocational education is provided by another district or a cooperative center by contract pursuant to subdivision 5, the contract shall provide for this issue.

Subd. 5. Any board may contract with the board of a district containing a post-secondary vocational-technical school or the board of a cooperative center for the provision of adult vocational education services. The board providing these services may also act as fiscal agent for the other contracting district if so agreed. Information copies of all contracts shall be provided to the state department.

Subd. 6. All adult vocational education aid shall be paid to the district or cooperative center providing the services. The district providing the services may bill the contracting district for any unpaid costs incurred in providing these services if so agreed in the contract.

Subd. 7. Each district providing adult vocational education shall establish and maintain separate accounts for the receipt and disbursement of all funds related to these adult vocational education programs. All adult vocational education aid received by the district from any source shall be utilized solely for the purposes of adult vocational education programs.

Subd. 8. The state shall pay to each school district 30 percent of its estimated adult vocational education aid for the school year on or before the following dates: August 31, December 31 and March 31. The final aid distribution to the district shall be made on or before October 31 of the following school year. All adult vocational education aids shall be computed and distributed by the state aids, statistics, and research section of the state department of education.

Subd. 9. Effective July 1, 1978, any individual enrolled in an adult farm management program for longer than six years shall be charged a tuition rate equal to the full cost of the program attributable to that individual.

Sec. 10. Minnesota Statutes 1976, Section 124.573, is amended to read:

124.573 [CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION.] *Subdivision 1. 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.*

Subd. 2. In the 1978-1979 school year and thereafter, the state shall pay to any district or cooperative center 50 percent of the salaries paid to essential, licensed personnel in that school year

for services rendered in that district's or center's secondary vocational education programs. In addition, the state shall pay 50 percent of the costs of necessary equipment for these programs and 50 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers. The aid paid by the state for salaries, equipment and travel pursuant to this subdivision shall be reduced by any authorized federal vocational aid funds paid by the department to that district or center for secondary vocational education programs.

Subd. 3. This aid shall be paid only for services rendered or for the costs designated in subdivision 2 which are incurred in secondary vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board. These rules shall provide minimum student-staff ratios required for a secondary vocational education program in a cooperative center to qualify for this aid, but shall not require any minimum number of program offerings or administrative staff or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. Except as provided in section 125.185, subdivision 4, rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for travel costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the state plan for vocational education.

Subd. 4. All secondary vocational education aid shall be paid to the district or cooperative center providing the services. All secondary vocational education aid received by a district or center from any source shall be utilized solely for the purposes of secondary vocational education programs.

Subd. 5. The state shall pay to each school district and center 30 percent of its estimated secondary vocational education aid for salaries and travel for the school year on or before the following dates: August 31, December 31 and March 31. The state shall pay 90 percent of a district's estimated secondary vocational education aid for equipment for the school year on or before August 31. The final aid distribution to the district shall be made on or before October 31 of the following school year. All secondary vocational education aids shall be computed and distributed by the state aids, statistics, and research section of the state department of education.

Sec. 11. Minnesota Statutes 1976, Chapter 136A, is amended by adding a section to read:

[136A.236] [TUITION SUBSIDIES FOR POST-SECONDARY VOCATIONAL-TECHNICAL SCHOOL STUDENTS.] Subdivision 1. The higher education coordinating board shall supervise a program of tuition subsidies for certain students

attending public post-secondary vocational-technical schools established pursuant to section 121.21.

Subd. 2. Effective July 1, 1978, any Minnesota resident who is under 21 years of age, who attends a public post-secondary vocational-technical school, and who is not receiving a state scholarship or grant-in-aid for the current year of attendance, shall be eligible to apply for a tuition subsidy pursuant to this section of this article.

Subd. 3. Recipients of these tuition subsidies shall be selected by the public post-secondary vocational-technical school of attendance, in accordance with rules and procedures adopted by the higher education coordinating board.

Subd. 4. A student attending a public post-secondary vocational-technical school may delay tuition payments for the period of enrollment during which his application for a tuition subsidy pursuant to this section is being processed. If his application for a subsidy is denied and he therefore promptly withdraws from the school, his tuition for that period shall be forgiven.

Subd. 5. The amount of any tuition subsidy award shall be based on the need of the applicant determined by the school in accordance with rules adopted by the higher education coordinating board, but the amount of an award shall not exceed 75 percent of the cost of tuition for the student's program pursuant to section 124.565.

Subd. 6. Tuition subsidies pursuant to this section shall be awarded for the lesser of one year or the period approved by the state board of education for completion of the program, in accordance with rules and procedures of the higher education coordinating board. Awards shall not be renewable but the recipient of an award may apply for additional awards for subsequent periods or years.

Subd. 7. Funds appropriated for tuition subsidies pursuant to this section of this article shall be distributed to the public post-secondary vocational-technical schools by the higher education coordinating board according to rules and procedures adopted by the board.

Sec. 12. Minnesota Statutes 1976, Section 275.125, Subdivision 13, is amended to read:

Subd. 13. Districts maintaining a post-secondary vocational-technical school shall levy for post-secondary vocational-technical purposes as follows:

(1) For districts in cities of the first class, a ~~minimum~~ of one-half mill up to a ~~maximum~~ of one mill, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee.

(2) For districts formed pursuant to Laws 1967, Chapter 822, as amended, and Laws 1969, Chapters 775 and 1060 as amended, a ~~minimum~~ of one-half mill up to a ~~maximum~~ of one mill, exclu-

sive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee.

(3) For other districts maintaining post-secondary vocational schools, a minimum of one mill up to a maximum of three mills, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee.

Sec. 13. Laws 1967, Chapter 822, Section 7, as amended by Laws 1969, Chapter 945, Section 2, and Laws 1975, Chapter 432, Section 84, is amended to read:

Sec. 7. [TAX LEVIES.] The joint school board shall each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational-technical schools, certify to each participating school district the tax levy specified in *Minnesota Statutes*, Section 76 275.125, *Subdivision 13*, Clause (2) of this act. Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under *Minnesota Statutes*, Section 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which are is then not collected and not delinquent.

Sec. 14. Laws 1969, Chapter 775, Section 4, Subdivision 2, as amended by Laws 1971, Chapter 267, Section 3, and Laws 1975, Chapter 432, Section 85, is amended to read:

Subd. 2. The intermediate school board shall in each year for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, the tax levy specified in *Minnesota Statutes*, Section 76 275.125, *Subdivision 13*, Clause (2) of this act. Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Said annual tax levies shall be certified pursuant to *Minnesota Statutes*, Section 124.02. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations, if any, upon the levy of the intermediate district or any of the participating districts under *Minnesota Statutes*, Section

275.125. After such levies have been certified to the appropriate county officials the intermediate school board may issue and sell by negotiation or a public sale its certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amount such as will not exceed the portion of such tax levy which is then not collected and not delinquent.

Sec. 15. Laws 1969, Chapter 1060, Section 7, as amended by Laws 1975, Chapter 432, Section 86, is amended to read:

Sec. 7. [TAX LEVIES.] The joint school board shall each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational-technical schools, certify to each participating school district the tax levy specified in *Minnesota Statutes*, Section 76 275.125, *Subdivision 13*, Clause (2) of this act. Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under *Minnesota Statutes*, Section 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which are is then not collected and not delinquent.

Sec. 16. [REPEALERS.] *Minnesota Statutes* 1976, Sections 124.562, *Subdivisions 5 and 6*; 124.563, *Subdivision 4*; and 124.565, *Subdivision 5*, are repealed.

Sec. 17. [REPEALERS.] *Minnesota Statutes* 1976, Sections 124.565, *Subdivision 2*; and 124.57, *Subdivisions 1 and 3*, as added by section 8 of this article, are repealed effective July 1, 1978.

Sec. 18. [NEEDS ASSESSMENT APPROPRIATION.] The state board of education shall conduct a statewide needs assessment for the purpose of determining future program needs for services to handicapped or disadvantaged students in vocational-technical education. Information for this needs assessment shall include data collected by the division of special and compensatory education, and the division of vocational-technical education, concerning the vocational-technical training needs of handicapped and disadvantaged students. The results of this assessment shall be reported to the state legislature by February, 1978. The sum of \$15,000 is appropriated from the general fund to the department of education for the purposes of this section to be available until March 1, 1978.

Sec. 19. [TUITION SUBSIDIES APPROPRIATION.] There is appropriated from the general fund to the higher education

coordinating board for the biennium ending June 30, 1979, the sum of \$3,600,000 for the program of tuition subsidies established pursuant to section 11 of this article. This amount includes \$15,000 for the expenses of the higher education coordinating board in administering the program.

Sec. 20. [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. [POST-SECONDARY VOCATIONAL FOUNDATION AID.] For post-secondary vocational foundation aid, there is appropriated:

\$59,675,000 1978,

\$56,100,000 1979.

Subd. 3. [POST-SECONDARY VOCATIONAL CATEGORICAL AID.] For post-secondary vocational categorical aid, there is appropriated:

\$7,668,000 1978,

\$7,645,000 1979.

These appropriations are based on the assumption that the state will spend for post-secondary vocational categorical aid an amount equal to \$4,732,000 in fiscal year 1978 and \$4,755,000 in fiscal year 1979, of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

Subd. 4. [POST-SECONDARY VOCATIONAL CAPITAL EXPENDITURE AID.] For post-secondary vocational capital expenditure aid, there is appropriated:

\$6,000,000 1978,

\$6,000,000 1979.

Subd. 5. [POST-SECONDARY VOCATIONAL DEBT SERVICE AID.] For post-secondary vocational debt service aid, there is appropriated:

\$7,608,380 1978,

\$7,814,865 1979.

Subd. 6. [POST-SECONDARY VOCATIONAL DEFICIT PAYMENT.] For the post-secondary vocational deficit payment, there is appropriated:

\$1,188,925 1978.

Subd. 7. [ADULT VOCATIONAL EDUCATION AID.] For adult vocational education aid there is appropriated:

\$4,500,000 1978,

\$5,450,000 1979.

(a) *The appropriation in this subdivision for fiscal year 1979 includes not to exceed \$500,000 for the payment of the final adult vocational education aid distribution to each district for fiscal year 1978 of which not to exceed \$18,000 is for necessary travel.*

(b) *The appropriations in this subdivision also include not to exceed \$162,180 in 1978 and \$177,500 in 1979 for necessary travel.*

Subd. 8. [VETERAN FARMER COOPERATIVE TRAINING PROGRAMS.] *For veteran farmer cooperative training programs there is appropriated:*

\$1,729,660.....1978,

\$1,218,200.....1979.

These appropriations are for state reimbursement for the veteran farmer cooperative training program established under the Veterans Readjustment Benefits Act of 1966, as amended.

Subd. 9. [SECONDARY VOCATIONAL EDUCATION AID.] *For secondary vocational education aid there is appropriated:*

\$16,000,000.....1978,

\$16,200,000.....1979.

(a) *The appropriation in this subdivision for 1978 is based on expenditures in the 1976-1977 school year and the appropriation in this subdivision for 1979 is aid for 1979, payable on a current funding basis.*

(b) *The appropriations in this subdivision include not to exceed \$1,120,000 in 1978 and not to exceed \$1,134,000 in 1979 for aid for equipment for secondary vocational education programs.*

Subd. 10. *Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.*

Sec. 21. [EFFECTIVE DATE.] *Sections 6 and 7 of this article shall be effective July 1, 1978.*

ARTICLE VI OTHER AID AND LEVY PROGRAMS

Section 1. *Minnesota Statutes 1976, Section 123.742, Subdivision 1, is amended to read:*

123.742 [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 123.741, subdivision 5, and shall make this data available upon request to any district seeking to use it for purposes of comparisons of student performance.

Sec. 2. Minnesota Statutes 1976, Chapter 124, is amended by adding a section to read:

[124.214] [AID ADJUSTMENTS.] *No adjustments to any aid payments made pursuant to chapter 124, 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, unless otherwise specifically provided by law.*

Sec. 3. Minnesota Statutes 1976, Section 124.24, is amended to read:

124.24 [EMERGENCY AID.] *Subdivision 1. Emergency aid is money paid by the state to a district which by reason of physical calamity, high tax delinquency or excessive debt, or a combination thereof, or by other justifiable cause is unable by taxation to collect sufficient revenue to maintain its schools therefrom on in compliance with minimum standards established by the state board. Such aid will be paid only when specifically directed by the state board.*

Subd. 2. Any school district which applies for aid under this section shall be subject to a review of its total financial condition by representatives of the state board of education to determine the need for assistance.

Sec. 4. Minnesota Statutes 1976, Chapter 124, is amended by adding a section to read:

[124.245] [CAPITAL EXPENDITURE EQUALIZATION AID.] *Subdivision 1. The state shall pay a school district the difference by which an amount equal to \$75 per pupil unit in that school year or, in districts where the pupil unit count is increased pursuant to section 124.17, subdivision 1, clause (7) \$80 per pupil unit in that school year, exceeds the amount raised by 10 mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. In order to qualify for aid pursuant to this section in any year, a district must have levied the full 10 EARC mills for use for capital expenditures in that year pursuant to section 124.04 or section 9 of this article.*

Subd. 2. As used in this section, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), (5), (6) and (7).

Subd. 3. All capital expenditure equalization aid shall be distributed prior to November 1 of each year.

Sec. 5. Minnesota Statutes 1976, Section 124.38, Subdivision 7, is amended to read:

Subd. 7. "Maximum effort debt service levy" means the lesser of (1) a levy in a total dollar amount computed as 20 mills on the adjusted assessed value; except that the maximum effort debt

service levy of or (2) a levy in whichever of the following amounts is applicable:

(a) In any school district having which received a debt service or capital loan from the state before January 1, 1965, shall be a levy in a total dollar amount computed as 4.10 mills on the market value in each year, unless the district applies or has applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967; and except that the ~~maximum effort~~ debt service levy of

(b) In any school district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, shall be a levy in a total dollar amount computed as 5½ mills on the market value in each year, until and unless the district receives an additional loan; and except that the maximum effort debt service levy of or

(c) In any school district granted a debt service or capital loan between July 1, 1969 and July 1, 1975 shall be, a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan.

Sec. 6. Minnesota Statutes 1976, Chapter 124, is amended by adding a section to read:

[124.646] [SCHOOL LUNCH AID.] *Subdivision 1. School districts shall be paid by the state in the amount of four cents for each full paid student type "A" lunch served to students in the district.*

Subd. 2. School districts shall not be paid by the state for free or reduced price type "A" lunches served by the district.

Subd. 3. School districts shall apply to the state department of education for this payment on forms provided by the department.

Sec. 7. Minnesota Statutes 1976, 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 4 Laws 1973, Chapter 650, Article XXIV, Section 1, times the sum of its 1972 payable 1973 mill rates for the following levies:

~~(1)~~ A levy for capital outlay, pursuant to section 124.04;

~~(2)~~ (1) 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 1971, Section 275.125, Subdivision 3 ~~(7)~~, Clause (6) (c);

~~(3)~~ (2) A levy to pay the principal and interest on debt service loans, pursuant to Minnesota Statutes 1971, Section 124.42;

~~(4)~~ (3) A levy to pay the principal and interest on capital loans, pursuant to Minnesota Statutes 1971, Section 124.43;

~~(5)~~ (4) A levy to pay amounts required in support of a teacher retirement fund, pursuant to *Minnesota Statutes 1971*, Section 422A.08 422.13 ;

~~(6)~~ (5) A levy for additional maintenance cost in excess of 20 30 mills times the adjusted assessed valuation of the school district, pursuant to *Minnesota Statutes 1971*, Section 275.125, subdivisions 6 or 7 Subdivision 3, Clause (4).

For the purpose of this subdivision, a school district mill rate for any of the forementioned levies which was 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. 8. *Minnesota Statutes 1976*, 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*; 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 amounts necessary to pay the district's obligations under section 6.62; the amount authorized for liabilities of dissolved districts pursuant to section 122.45; 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. 9. *Minnesota Statutes 1976*, Section 275.125, is amended by adding a subdivision to read:

Subd. 11a. (a) A school district may levy an amount not to exceed the amount equal to \$75 per pupil unit or, in districts where the pupil unit count is increased pursuant to section 124.17, subdivision 1, clause (7), \$80 per pupil unit. For purposes of computing allowable levies under section 275.125, 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 subdivision shall exceed 10 mills times the adjusted assessed valuation of the taxable property in the district for the preceding year, notwithstanding the provisions of sections 272.64 and 275.49.

(b) The proceeds of the tax may be used only to acquire land, to equip and reequip buildings and permanent attached fixtures, and to pay leasing fees for computer systems hardware, computer terminals and telecommunications equipment, and related proprietary software. The proceeds of the 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. The proceeds of the tax may also be used for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped individuals.

(c) 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.

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

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

1. Sec. 10. Minnesota Statutes 1976, Section 275.125, Subdivision 12, is amended to read:

Subd. 12. When a district finds it economically advantageous to rent or lease existing school buildings for instructional purposes, and the proceeds of the levy permitted under section 124.04 or section 9 of this article are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this clause shall contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this clause shall include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building, conformity of the lease to the laws and regulations of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner shall not authorize a levy under this clause in an amount greater than the cost to the district of renting or leasing a school building for approved purposes. *The proceeds of this levy shall not be used for custodial or other maintenance services.*

Sec. 11. Minnesota Statutes 1976, Section 466.06, is amended to read:

466.06 [LIABILITY INSURANCE.] The governing body of any municipality may procure insurance against liability of the municipality and its officers, employees, and agents for damages resulting from its torts and those of its officers, employees, and

agents, including torts specified in section 466.03 for which the municipality is immune from liability; and such insurance may provide protection in excess of the limit of liability imposed by section 466.04. If the municipality has the authority to levy taxes, the premium costs for such insurance may be levied in excess of any per capita or millage tax limitation imposed by statute or charter ; *provided, a school district may not levy for premium costs pursuant to this section .* Any independent board or commission in the municipality having authority to disburse funds for a particular municipal function without approval of the governing body may similarly procure liability insurance with respect to the field of its operation. The procurement of such insurance constitutes a waiver of the defense of governmental immunity to the extent of the liability stated in the policy but has no effect on the liability of the municipality beyond the coverage so provided.

Sec. 12. [EDUCATIONAL AIDS FOR NONPUBLIC SCHOOL CHILDREN.] *Notwithstanding any law to the contrary, the state board shall not, prior to July 1, 1979, enforce or allot funds pursuant to Minnesota Statutes, Sections 123.934 and 123.935 or any rules promulgated under those sections.*

Sec. 13. [REPEALER.] *Minnesota Statutes 1976, Sections 124.04; 124.215, Subdivisions 2a, 3, 4, 5, 7 and 8; 124.221; 124.23; 124.25; 124.30; 126.021; 126.022; 126.024; 273.138, Subdivision 7; 473.633; and 473.635 are repealed. Minnesota Statutes 1976, Section 123.40, Subdivision 7 is repealed effective December 31, 1979.*

Sec. 14. [APPROPRIATION.] *There is appropriated from the general fund to the department of education the sum of \$100,000 for the year ending June 30, 1978 and the sum of \$100,000 for the year ending June 30, 1979. 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 purposes of this section, the foundation aid formula allowance per pupil unit for Independent School District No. 625 shall be \$1,030 for the 1977-1978 school year and \$1,090 for the 1978-1979 school year.*

Sec. 15. [APPROPRIATION.] *There is appropriated from the general fund to the department of education the sum of \$320,000 for the year ending June 30, 1977, the sum of \$160,000 for the year ending June 30, 1978 and the sum of \$80,000 for the year ending June 30, 1979. Of these amounts, the department shall pay the following sums to the following school districts for the fiscal year designated: to Independent School District No. 691, \$120,000 for 1977, \$60,000 for 1978, and \$30,000 for 1979; to Independent*

School District No. 694, \$88,000 for 1977, \$44,000 for 1978, and \$22,000 for 1979; to Independent School District No. 695, \$40,000 for 1977, \$20,000 for 1978, and \$10,000 for 1979; to Independent School District No. 699, \$72,000 for 1977, \$36,000 for 1978, and \$18,000 for 1979. These amounts shall be paid to replace and phase out aids these districts would have received pursuant to Minnesota Statutes 1974, Sections 124.801 to 124.806 were it not for the provisions of Laws 1975, Chapter 432, Section 98. The state shall never be obligated for any further payments for this purpose.

Sec. 16. [DEFICIENCY APPROPRIATION.] The sum of \$70,000 is appropriated from the general fund to the department of education for the year ending June 30, 1976 and the sum of \$116,000 is appropriated for the year ending June 30, 1977. These appropriations are for the payment of a deficiency in funds available for payment of state aid for extraordinary tax delinquency pursuant to section 124.241 in those years, and shall be added to the sums appropriated for that purpose for those years in Laws 1975, Chapter 432, Section 96, Clause (19).

Sec. 17. [APPROPRIATION.] There is appropriated to the department of education from the general fund the sum of \$200,000 for the biennium ending June 30, 1979 for the purpose of providing operational educational cooperative service units with funds to assist in meeting the costs of rendering technical assistance to local school districts for planning and evaluation pursuant to Minnesota Statutes, Section 123.742. Each ECSU shall receive up to \$20,000, except that the ECSU whose boundaries coincide with the boundaries of development region 11 shall receive up to \$40,000.

Sec. 18. [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. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] For educational cooperative service units, there is appropriated:

\$499,950 1978,

\$499,950 1979.

Each year funds from this appropriation shall be transmitted to an ECSU board of directors in the amount of \$45,450 per ECSU as defined in section 123.58, except that the ECSU whose boundaries coincide with the boundaries of development region 11 shall receive \$90,900 each year.

Subd. 3. [STATE AID FOR EXTRAORDINARY TAX DELINQUENCY.] For state aid for extraordinary tax delinquency pursuant to section 124.241, there is appropriated:

\$200,000 1978,

\$200,000 1979.

Subd. 4. [CAPITAL EXPENDITURE EQUALIZATION

AID.] *For capital expenditure equalization aid, pursuant to section 4 of this article there is appropriated:*

\$560,000 1978,

\$300,000 1979.

Subd. 5. [ELIGIBLE TEACHER PROGRAM.] *For eligible teacher program aid, there is appropriated:*

\$112,500 1978,

\$ 60,000 1979.

Subd. 6. [EMERGENCY AID.] *For emergency aid pursuant to section 124.24 there is appropriated:*

\$400,000 1978.

Subd. 7. [GROSS EARNINGS AID.] *For gross earnings aid pursuant to sections 124.28, 124.281 and 124.29, there is appropriated:*

\$300,000 1978,

\$300,000 1979.

Subd. 8. *Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.*

Sec. 19. [EFFECTIVE DATE.] *Sections 15 and 16 of this article shall be effective the day following final enactment.*

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 1. *Minnesota Statutes 1976, Chapter 6, is amended by adding a section to read:*

[6.515] [AUDIT OF FEDERAL MONEYS.] *The state auditor, in respect to any political subdivision over which he has audit jurisdiction provided by chapter 6, is empowered to examine all accounts and records of the subdivision relating to funds consisting in whole or part of moneys received from the federal government or any agency thereof.*

Sec. 2. *Minnesota Statutes 1976, Section 120.10, Subdivision 1, is amended to read:*

120.10 [COMPULSORY ATTENDANCE.] *Subdivision 1. [AGES AND TERM.] Every child between seven and 16 years of age shall attend a public school, or a private school, for a minimum term, as defined by the state board, during the entire time*

that the school is in session during any school year. No child shall be required to attend a public school more than a maximum term, as defined by the state board 200 days or their equivalent , during any school year.

Sec. 3. Minnesota Statutes 1976, Section 120.10, Subdivision 2, is amended to read:

Subd. 2. [SCHOOL.] A school, to satisfy the requirements of compulsory attendance, must be one : (1) in which all the common branches are taught in the English language, from textbooks written in the English language, and taught by teachers whose qualifications are essentially equivalent to the minimum standards for public school teachers of the same grades or subjects and (2) *which is in session each school year for at least 175 days or their equivalent .* A foreign language may be taught when such language is an elective or a prescribed subject of the curriculum, but not to exceed one hour in each day.

Sec. 4. Minnesota Statutes 1976, 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 121.902. With the cooperation of the legislative state auditor, 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. 5. Minnesota Statutes 1976, Section 121.902, is amended to read:

121.902 [COUNCIL RECOMMENDATIONS.] 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 *and maintain* uniform financial accounting and reporting standards which are consistent with sections 121.90 to 121.92 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 *and maintenance* 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. 6. Notwithstanding the provisions of sections 15.0412 or 121.914, subdivision 2, the state board may promulgate emergency rules relating to standards for the establishment of a uniform auditing or other verification procedure to determine whether a statutory operating debt exists in any Minnesota school district as of June 30, 1977, without compliance with the provisions of section 15.0412, subdivision 4. These rules are to be effective for not longer than 75 days and may be reissued or continued in effect for an additional 75 days, but may not immediately be reissued thereafter without following the procedure of section 15.0412, subdivision 4. These emergency rules shall be published in the state register as soon as practicable.

Sec. 7. Minnesota Statutes 1976, Section 121.908, is amended by adding a subdivision to read:

Subd. 3a. Prior to July 1, 1978 and July 1 of each year thereafter, the school board of each district shall approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted shall be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures.

Sec. 8. Minnesota Statutes 1976, Chapter 121, is amended by adding a section to read:

[121.912] [PERMANENT FUND TRANSFERS.] Subdivision 1. After July 1, 1977, no school district shall permanently transfer money from an operating fund to a nonoperating fund; provided, however, that permanent transfers may be made from an operating fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year and permanent transfers may be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued.

Subd. 2. As used in this section, "operating fund" and "nonoperating fund" shall have the meanings specified in the uniform financial accounting and reporting system for Minnesota school districts. Any transfer for a period in excess of one year shall be deemed to be a permanent transfer.

Sec. 9. Minnesota Statutes 1976, Section 121.914, Subdivision 1, is amended to read:

121.914 [STATUTORY OPERATING DEBT.] Subdivision 1. The "statutory operating debt" of a school district means the net negative unappropriated 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.

Sec. 10. Minnesota Statutes 1976, Section 121.914, Subdivision 2, is amended to read:

Subd. 2 3 . 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 of 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.

Sec. 11. Minnesota Statutes 1976, Section 121.914, Subdivision 3, is amended to read:

Subd. 3 4 . If an audit or other verification procedure conducted pursuant to subdivision 2 3 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 275.125, subdivision 9a to eliminate this *statutory* operating debt.

Sec. 12. Minnesota Statutes 1976, Section 121.914, Subdivision 4, is amended to read:

Subd. 4 2 . If the amount of the statutory operating debt verified pursuant to subdivision 2 is less ~~more~~ 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 *unappropriated* fund balance shall ~~not~~ qualify be defined as *statutory* operating debt "*statutory operating debt*" for the purposes of this section and sections 121.917 and 275.125, subdivision 9a.

Sec. 13. Minnesota Statutes 1976, Section 121.917, Subdivision 1, is amended to read:

121.917 [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 121.914 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 calculated for *at the end of* that fiscal year pursuant to section 121.914 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.

(e) (b) When a district is no longer required to levy pursuant to section 275.125, subdivision 9a, subdivision 2 of this section shall be applicable.

Sec. 14. Minnesota Statutes 1976, Section 121.917, Subdivision 2, is amended to read:

Subd. 2. Beginning in fiscal year 1978 and each year thereafter, any district not subject to the provisions of subdivision 1 shall limit its expenditures so that its ~~appropriate~~ *unappropriated* fund balances shall not constitute statutory operating debt as defined and limited in section 121.914.

Sec. 15. Minnesota Statutes 1976, Section 122.21, Subdivision 6, is amended to read:

Subd. 6. Upon the effective date of the order, the detachment and annexation ordered therein is effected, and . All taxable property in the area so detached and annexed ~~is remains~~ *taxable* for payment of any school purpose obligations theretofore authorized by or ~~on that date~~ *on or subsequent to the effective date of the order* outstanding against the district ~~to from which annexation is made detached~~ . Such property is not by virtue of the order relieved from the obligation of any bonded debt theretofore incurred to which it was subject prior to the order. ~~All taxable property in the area so detached and annexed is taxable for payment of any school district obligations authorized on or subsequent to the effective date of the order by the district to which annexation is made.~~

Sec. 16. Minnesota Statutes 1976, Section 123.335, Subdivision 2, is amended to read:

Subd. 2. The board may authorize an imprest fund for the purpose of advancing money to officers or employees to pay the actual and necessary expenses of such officer or employee in attending meetings outside of the district. The board shall appoint a custodian of such fund and he shall be responsible for its safekeeping and disbursement according to law. ~~Attendance at such meetings shall be authorized in advance by the board. At the first regular meeting of the board after such meeting, the officer or employee custodian shall submit an itemized claim for the actual and necessary expenses incurred and paid by him in attending such meeting . The board shall act upon it as in the case of other claims and an order shall be issued to the officer or employee custodian for the amount allowed. The officer or employee custodian shall use the proceeds of the order to repay the amount advanced from the fund ; and if the amount approved by the board is insufficient to repay the advance, he shall be personally responsible for the difference and make final settlement with the officer or employee. As an alternative the board may authorize travel advances if control is maintained by use of a travel advance account, the balance of which is supported by names of em-~~

ployees to whom money has been advanced.

Sec. 17. Minnesota Statutes 1976, Section 123.71, Subdivision 1, is amended to read:

123.71 [PUBLICATION OF SCHOOL DISTRICT FINANCIAL INFORMATION.] Subdivision 1. Every school board shall, *within 30 days after its adoption of a budget for the current school year, but in no event later than September 1*, publish a summary of the disbursements of funds showing the actual expenditures for the prior fiscal year and proposed expenditures for the current fiscal year the revenue and expenditure budgets submitted to the commissioner of education in accordance with section 121.908, subdivision 4, for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the state board of education after consultation with the advisory council on uniform financial accounting and reporting standards. The forms prescribed shall be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. These budgets, reports of revenue, expenditure and fund balances shall be published in a newspaper of general circulation and holding a U. S. Post Office Department second class mailing permit or a legal newspaper located in the district, or if there be no such newspaper within the district then in the legal newspaper outside the district which has a general circulation in the district.

Sec. 18. Minnesota Statutes 1976, Section 123.71, Subdivision 2, is amended to read:

Subd. 2. It shall also publish at the same time a summary of bonds outstanding, paid, and sold ; a summary of orders not paid for want of funds ; and ; certificates of indebtedness for the year ending June 30 ; *the statutory operating debt of the district as defined and certified pursuant to section 121.914; and the balance amount of the appropriated fund balance reserve account for purposes of reducing statutory operating debt established pursuant to section 275.125.*

Sec. 19. Minnesota Statutes 1976, Section 123.71, is amended by adding a subdivision to read:

Subd. 4. *It shall also publish at the same time the average cost per pupil in average daily membership educated in that district in the preceding year. This computation shall be made exclusive of debt service or capital outlay costs.*

Sec. 20. Minnesota Statutes 1976, Section 125.08, is amended to read:

125.08 [TEACHERS' AND ADMINISTRATORS' LICENSES, FEES.] Each application for the issuance, renewal, or extension of a license to teach shall be accompanied by a processing fee in an amount set by the board of teaching by rule, which shall not be less than \$10. *Each application for the issuance, renewal or extension of a superintendent's or principal's license shall be accompanied by a processing fee in an amount set*

by the state board of education by rule. Except as otherwise provided in this section, such fee these fees shall be paid to the commissioner, who shall deposit them with the state treasurer, as provided by law, and report each month to the commissioner of finance the amount of fees collected. The fee fees as set by the board boards shall be nonrefundable for applicants not qualifying for a license, provided however, that the a fee shall be refunded by the state treasurer in these cases any case in which the applicant already holds a valid unexpired license.

Sec. 21. Minnesota Statutes 1976, Section 125.12, Subdivision 3, is amended to read:

Subd. 3. [PROBATIONARY PERIOD.] The first and second consecutive years of a teacher's first teaching experience in Minnesota in a single school district shall be deemed to be a probationary period of employment, and after completion thereof, the probationary period in each school district in which he is thereafter employed shall be one year. A teacher who has complied with the then applicable probationary requirements in a school district prior to July 1, 1967, shall not be required to serve a new probationary period in the said district subsequent thereto. During the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit; provided, however, that the school board shall give any such teacher whose contract it declines to renew for the following school year written notice to that effect before April June 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the school board shall give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during his employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 123.14, subdivision 4, or section 123.35, subdivision 5.

Sec. 22. Minnesota Statutes 1976, Section 125.12, Subdivision 4, is amended to read:

Subd. 4. [TERMINATION OF CONTRACT AFTER PROBATIONARY PERIOD.] A teacher who has completed his probationary period in any school district, and who has not been discharged or advised of a refusal to renew his contract pursuant to subdivision 3, shall have a continuing contract with such district. Thereafter, the teacher's contract shall remain in full force and effect, except as modified by mutual consent of the board and the teacher, until terminated by a majority roll call vote of the full membership of the board, prior to April 1 upon one of the grounds specified in subdivisions subdivision 6 or prior to June 1 upon one of the grounds specified in subdivisions 6a or 6b, or until the teacher is discharged pursuant to subdivision 8, or by the written resignation of the teacher submitted prior to April 1; provided, however, that if an agreement as to the terms and conditions of employment for the succeeding school year has not been adopted

pursuant to the provisions of sections 179.61 to 179.77 prior to March 1, the teacher's right of resignation shall be extended to the 30th calendar day following the adoption of said contract in compliance with section 179.70, subdivision 2. Such written resignation by the teacher shall be effective as of June 30 if submitted prior to that date and the teachers' right of resignation for the school year then beginning shall cease on July 15. Before a teacher's contract is terminated by the board, the board shall notify the teacher in writing and state its ground for the proposed termination in reasonable detail together with a statement that the teacher may make a written request for a hearing before the board within 14 days after receipt of such notification. Within 14 days after receipt of this notification the teacher may make a written request for a hearing before the board and it shall be granted before final action is taken. If no hearing is requested within such period, it shall be deemed acquiescence by the teacher to the board's action. Such termination shall take effect at the close of the school year in which the contract is terminated in the manner aforesaid. Such contract may be terminated at any time by mutual consent of the board and the teacher and this section shall not affect the powers of a board to suspend, discharge, or demote a teacher under and pursuant to other provisions of law.

Sec. 23. Minnesota Statutes 1976, Section 125.12, Subdivision 10, is amended to read:

Subd. 10. [DECISION.] After the hearing, the board shall issue a written decision and order. If the board orders termination of a continuing contract or discharge of a teacher, its decision shall include findings of fact based upon competent evidence in the record and shall be served on the teacher, accompanied by an order of termination or discharge, prior to April 1 in the case of a contract termination *for grounds specified in subdivision 6, prior to June 1 for grounds specified in subdivision 6a or 6b*, or within ten days after conclusion of the hearing in the case of a discharge. If the decision of the board or of a reviewing court is favorable to the teacher, the proceedings shall be dismissed and the decision entered in the board minutes, and all references to such proceedings shall be excluded from the teacher's record file.

Sec. 24. Minnesota Statutes 1976, Section 125.17, Subdivision 3, is amended to read:

Subd. 3. [PERIOD OF SERVICE AFTER PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.] After the completion of such probationary period, without discharge, such teachers as are thereupon re-employed shall continue in service and hold their respective position during good behavior and efficient and competent service and shall not be discharged or demoted except for cause after a hearing.

Any probationary teacher shall be deemed to have been re-employed for the ensuing school year, unless the school board in charge of such school shall give such teacher notice in writing before April June 1 of the termination of such employment. In event of such notice the employment shall terminate at the close of the school sessions of the current school year.

Sec. 25. Minnesota Statutes 1976, Section 275.124, is amended to read:

275.124 [REPORT OF CERTIFIED LEVY.] Prior to March 1 of each year, each county auditor shall report to the commissioner of education on forms furnished by the commissioner, the amount of the certified levy made by each school district within the county which has taxable property. The reports shall also contain the amount payable to each district pursuant to section 124.03.

Sec. 26. Minnesota Statutes 1976, Section 275.125, Subdivision 9a, is amended to read:

Subd. 9a. (1) In 1977 1978 and each year thereafter in which so required by this subdivision, a district shall make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977 and certified and adjusted by the commissioner. This levy shall not be made in more than 20 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall in each year be an amount which is equal to the amount raised by a levy of 1.5 mills 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 in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the 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 subdivision 2a, clause (1) or (2) in that same year.

(4) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

Sec. 27. Minnesota Statutes 1976, Section 475.61, Subdivision 4, is amended to read:

Subd. 4. All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of which levied or to repay advances from other funds used for such payments, except that any surplus remaining

in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality. *However, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid shall be used to reduce the maintenance levy authorized pursuant to section 275.125, subdivision 2a.*

Sec. 28. Laws 1973, Chapter 683, Section 26, Subdivision 17, as amended by Laws 1975, Chapter 432, Section 88, is amended to read:

Subd. 17. The provisions of this section shall expire July 1, 1979 1981. At any time the experimental school may be terminated upon unanimous vote of the officers of the committee and 30 days notice to the board of District No. 309, whereupon the board of District No. 309 shall resume the care, management and control of the entire district on July 1 following. Prior to December 1 of each year the committee shall submit to the legislature a report of the experimental school established by this section. Such report shall document the success or failure of the experimental school.

Sec. 29. Laws 1976, Chapter 20, Section 3, is amended to read:

Sec. 3. [STATUTORY OPERATING DEBT.] Subdivision 1. The "statutory operating debt" of Independent School District No. 625 means the net negative unappropriated fund balances in all school district funds, other than the capital expenditure and building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated as of June 30, 1976 of each year in accordance with the principles of the uniform financial accounting and reporting system.

Subd. 1a. *If the amount of the district's operating debt is more 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 unappropriated fund balance shall qualify as "statutory operating debt" for the purposes of Laws 1976, Chapter 20, as amended.*

Subd. 2. The legislative auditor shall certify the amount of statutory operating debt of the district as of June 30, 1976. He may adjust this amount on the basis of corrected figures until June 30, 1978.

Sec. 30. Laws 1976, Chapter 20, Section 7, is amended to read:

Sec. 7. [EXPENDITURE LIMITATIONS.] In the 1977 fiscal year or in any fiscal year thereafter, Independent School District No. 625 shall not spend any amount in that fiscal year which the district receives from the foundation aid in Minnesota Statutes, Section 124.212, plus the levy allowable under Minnesota Statutes, Section 275.125, Subdivision 2a; plus the levy allowable under Minnesota Statutes, Section 275.125, Subdivision 6, which exceeds the amount which the district would otherwise be entitled to receive, from these same sources if it were not using tax

anticipation certificates or other methods of borrowing to borrow against tax revenues for the next fiscal year or if it were not using tax receipts intended for the next fiscal year in the prior fiscal year. Beginning in the fiscal year 1977 and in each year thereafter, Independent School District No. 625 shall limit its expenditures in each fiscal year so that the amount of its statutory operating debt calculated at the end of that fiscal year is not greater than the amount of its statutory operating debt as of June 30, 1976, as certified and adjusted by the legislative auditor, increased by an amount equal to two and one-half percent of its operating expenditures for the fiscal year for which the statutory operating debt calculation is being made.

Sec. 31. Laws 1976, Chapter 271, Section 8, Subdivision 1, is amended to read:

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, 1977-1978 and the compensation, removal of members and filling of vacancies shall be as provided in Minnesota Statutes, Section 15.059.

Sec. 32. [EFFECTIVE DATE.] Sections 29 and 30 of this article are effective the day following final enactment. Section 31 is effective retroactively on May 15, 1977.

ARTICLE VIII

EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS

Section 1. Minnesota Statutes 1976, Section 3.9271, is amended to read:

3.9271 [EARLY CHILDHOOD IDENTIFICATION AND EDUCATION PROGRAMS.] Subdivision 1. For the ~~1975-1976~~ 1977-1978 and ~~1976-1977~~ 1978-1979 school years, the council on quality education shall make grants to no fewer than ~~ten~~ 22 pilot early childhood identification and family education programs. Early childhood identification and family education programs are programs for children before kindergarten and below age six which may include the following: identification of potential barriers to learning, education of parents on child development, libraries of educational materials, family services, education for parenthood programs in secondary schools, in-center activity, home-based programs, and referral services.

Notwithstanding section 3.926, subdivision 2, every early childhood identification and family education program proposal shall be submitted to the council on quality education not less than six weeks before the planned commencement of the program. These programs or grants shall be as equally distributed as possible among districts in cities of the first class, in suburbs, and

outside the seven county metropolitan area. *No more than two of these programs shall receive these grants in any one school district. Each pilot program shall serve one elementary school attendance area in the local school district or a combination of attendance areas if deemed appropriate by the council.*

The council on quality education shall prescribe the form and manner of application and shall determine the participating pilot programs. In the determination of pilot programs, programs shall be given preference for their ability to coordinate their services with existing programs and other governmental agencies. The council on quality education shall report on the programs annually to the committees on education of the senate and house of representatives.

Subd. 2. Each district providing pilot programs shall establish and maintain an account separate from all other district accounts for the receipt and disbursement of all funds related to these early childhood identification and family education programs.

Subd. 3. A school district providing early childhood identification and family education programs shall be eligible to receive funds for these programs from other government agencies and from private sources when such funds are available.

Subd. 4. A district may charge reasonable fees for early childhood identification and family education services; however, a district shall waive the charge or fee if any pupil, his parent or guardian is unable to pay it.

Sec. 2. Minnesota Statutes 1976, Section 3.9272, is amended to read:

3.9272 [ADVISORY TASK FORCE ON EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS.] The council on quality education shall appoint an advisory committee task force on early childhood identification and family education programs. *The advisory task force shall be composed of parents of young children and persons knowledgeable in the fields of health, education and welfare. A majority of the task force shall be parents of young children. The advisory task force shall advise the council in the administration of the early childhood and family education programs. The terms, compensation and removal of members shall be governed by the provisions of section 15.059, subdivision 6. The task force shall expire June 30, 1979.*

Sec. 3. Minnesota Statutes 1976, Section 3.9275, is amended to read:

3.9275 [VOLUNTARY PARTICIPATION.] All participation by parents and children in these early childhood identification and family education programs shall be voluntary, and shall not preclude participation in any other state or local program. All pilot programs shall provide services to all qualified children, regardless of race, religion or ethnic background, and no such programs shall be used in whole or in part for religious worship or instruction.

Sec. 4. *The council on quality education and the advisory task*

force on early childhood and family education programs shall conduct a study of policy issues involved in the provision of early childhood and family education and shall submit a final report on the study to the legislature no later than January 15, 1979.

Sec. 5. There is appropriated from the general fund to the department of education the sum of \$854,000 for the year ending June 30, 1978, and the sum of \$854,000 for the year ending June 30, 1979, for the purpose of pilot early childhood and family education programs pursuant to section 3.9271. These appropriations include not to exceed \$77,000 in fiscal year 1978 and not to exceed \$77,000 in fiscal year 1979 to be used for administrative costs; provided, these amounts may be used to hire not to exceed three professional employees and one clerical employee beyond the existing complement of the department in these years. Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium.

ARTICLE IX

TEACHER MOBILITY INCENTIVES

Section 1. [125.60] [EXTENDED LEAVES OF ABSENCE.]
Subdivision 1. As used in this section, the term "teachers" shall have the meaning given it in section 125.03, subdivision 1, but shall not include superintendents.

Subd. 2. The board of any district may grant an extended leave of absence without salary to any full time elementary or secondary school teacher who has been employed by the district for at least ten but no more than 20 years of allowable service, as defined in section 354.05, subdivision 13, or the by-laws of the appropriate retirement association, and who has not attained the age of 55 years or over. Extended leaves of absence pursuant to this section shall not exceed 5 years in duration. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher and may be granted only once.

Subd. 3. A teacher on an extended leave of absence pursuant to this section shall have the right to be reinstated to a position for which he is licensed at the beginning of any of the first five school years after his extended leave of absence begins, unless he is discharged or placed on unrequested leave of absence or his contract is terminated pursuant to section 125.17 or 125.12 while he is on the extended leave. The board shall not be obligated to reinstate any teacher who is on an extended leave of absence pursuant to this section unless the teacher advises the board of his intention to return before February 1 in the school year preceding the school year in which he wishes to return.

Subd. 4. Any teacher who is reinstated to a teaching position after an extended leave of absence pursuant to this section shall retain seniority and continuing contract rights in the employing district as though he had been teaching in the district during the period when he was on the extended leave.

Subd. 5. The years spent by a teacher on an extended leave of absence pursuant to this section shall not be included in the determination of his salary upon his return to teaching in the district. The credits earned by a teacher on an extended leave of absence pursuant to this section shall not be included in the determination of his salary upon his return to teaching in the district for a period equal to the time of the extended leave of absence.

Subd. 6. Nothing within the provisions of this section shall be construed to limit the authority of a school board to grant any teacher a leave of absence which is not subject to the provisions of this section and sections 3 and 6 of this article.

Sec. 2. [125.61] [TEACHER EARLY RETIREMENT INCENTIVE PROGRAM.] Subdivision 1. For purposes of this section, "teacher" means a teacher as defined in Minnesota Statutes, Section 125.03, Subdivision 1, who is employed in the public elementary or secondary schools in the state, who has not less than 15 years of full time teaching service therein, and who has or will have attained the age of 55 years but less than 65 years as of the end of the school year during which an application for an early retirement incentive is made.

Subd. 2. A teacher meeting the requirements of subdivision 1 may be offered a contract for termination of services and payment of an early retirement incentive by the employing school district. An offer may be accepted by the teacher by submitting a written resignation to the school board of the employing district. Applications shall be submitted prior to July 1, 1977 in the case of a teacher retiring at the end of the 1977-78 school year, prior to May 1, 1978, in the case of a teacher retiring at the end of the 1978-79 school year, or, thereafter, prior to May 1 of the year immediately preceding the school year at the end of which the teacher wishes to retire.

Subd. 3. An eligible teacher who is or will be 55 years of age as of the end of the school year during which an application for an early retirement incentive is made and accepted shall receive an early retirement incentive in the amount of \$7,500. This amount shall be reduced by \$375 for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional \$1,125 for each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the end of the school year during which the application for the early retirement incentive is made.

Subd. 4. The early retirement incentive shall be paid by the employing school district in four equal successive monthly installments commencing on November 1 of the year of retirement. The state shall reimburse the district for 10 percent of any amount or amounts paid out as an early retirement incentive pursuant to this section upon receipt of a proper claim therefor accompanying the report required by subdivision 5. An early retirement incentive shall not be paid to any teacher who is discharged by a school district.

Subd. 5. Each school district contracting for an early retirement incentive pursuant to this section shall report annually during the month of December to the department of education on forms prescribed by the department. The report shall cover the preceding school year and shall contain the number of teachers participating in the early retirement incentive program, the annual salary which would have been paid had the teacher not elected to participate, the amount paid by the district for early retirement incentives, the amount claimed as reimbursement from the state, and such other information as the department of education may require.

Subd. 6. No school board shall enter into an agreement for termination of services with an early retirement incentive without applying for and receiving authorization from the commissioner of finance. The commissioner of finance shall approve or disapprove applications pursuant to this subdivision within the limits of the appropriation for the purposes of this section.

Sec. 3. Minnesota Statutes 1976, Chapter 354, is amended by adding a section to read:

[354.094] Subdivision 1. If a member is granted an extended leave of absence pursuant to section 1 of this article, he may receive allowable service credit toward annuities and other benefits under chapter 354, for each year of his leave by paying into the fund employee contributions during the period of the leave which shall not exceed five years. The employing district shall pay employer contributions into the fund for each year for which a member who is on extended leave pays employee contributions into the fund. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before June 30 of each fiscal year for which service credit is received.

Subd. 2. Notwithstanding section 354.49, subdivision 4, clause (3), a member on extended leave who pays employee contributions into the fund pursuant to subdivision 1 shall retain membership in the association for as long as he continues to pay employee contributions, under the same terms and conditions as if he had continued to teach in the district.

Subd. 3. A member on extended leave of absence pursuant to section 1 of this article who does not pay employee contributions into the fund in any year shall be deemed to cease to render teaching services beginning in that year for purposes of chapter 354.

Subd. 4. If a member who paid employee contributions into the fund for five years while on extended leave does not resume teaching in the sixth school year after the beginning of his extended leave, he shall be deemed to cease to render teaching services beginning in that year for purposes of chapter 354.

Subd. 5. The provisions of this section shall not apply to a member who is placed on unrequested leave of absence or whose

contract is terminated pursuant to section 125.12 or 125.17 while he is on an extended leave of absence pursuant to section 1 of this article.

Subd. 6. A member who pays employee contributions and receives allowable service credit in the fund pursuant to this section may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776.

Sec. 4. Minnesota Statutes 1976, Chapter 354, is amended by adding a section to read:

[354.66] [QUALIFIED PART TIME TEACHERS; PARTICIPATION IN FUND.] Subdivision 1. As used in this section, the term "teachers" shall have the meaning given it in section 125.03, subdivision 1, but shall not include superintendents, principals, assistant principals or other supervisory employees as defined in section 179.63, subdivision 9.

Subd. 2. A teacher in the public elementary or secondary schools of the state who has 20 years or more of allowable service may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part time teaching position.

Subd. 3. For purposes of this section, a part time teaching position shall mean a teaching position within the district in which the teacher is employed for at least 50 full days or a fractional equivalent thereof as prescribed in section 354.091, and for which the teacher is compensated at a rate not exceeding 60 percent of the compensation established by the board for a full time teacher of identical education and experience within the district.

Subd. 4. Notwithstanding any provision of chapter 354 relating to salary for contribution purposes or accrual of service credit to the contrary, employee and employer contributions to the fund, including the state's obligation therefor, and accrual of allowable service credit toward retirement pursuant to chapter 354 shall be continued during the period of part time employment pursuant to this section upon the same basis and in the same amounts as would be payable or accrued were the teacher to have been employed on a full time basis. A teacher's contributions to the fund and accrual of allowable service credit during part time employment may not be continued pursuant to this subdivision for a period longer than 10 years.

Subd. 5. A teacher who pays employee contributions and receives allowable service credit in the fund pursuant to this section may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776.

Subd. 6. A board entering into an agreement authorized by this

section shall take all steps necessary to assure continuance of any insurance programs furnished or authorized a full time teacher on an identical basis and with identical sharing of costs for a part time teacher pursuant to this section.

Subd. 7. Only teachers who are in the bargaining unit as defined in section 179.63, subdivision 17, during the year preceding the period of part time employment pursuant to this section shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4. Notwithstanding the provisions of section 179.63, subdivision 7, clauses (e) and (f), teachers who are employed on a part time basis for purposes of this section and who would therefore be disqualified from the bargaining unit by one or both of those provisions, shall continue to be in the bargaining unit during the period of part time employment pursuant to this section for purposes of compensation, fringe benefits and the grievance procedure.

Subd. 8. No teacher shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4 of this section or section 7, subdivision 4, of this article in more than one district at one time.

Subd. 9. A district shall not assign a teacher to a part time teaching position qualifying for the continuation of contributions and accrual of service credit pursuant to this section without applying for and receiving the authorization of the commissioner of finance. In cooperation with the boards of trustees of the appropriate retirement fund associations and within the limits of the amount appropriated for the purpose of this section, the commissioner of finance shall approve or disapprove applications from districts for authorization to assign teachers to part time teaching positions qualifying for the continuation of contributions and accrual for service credit pursuant to this section.

Subd. 10. Nothing within the provisions of this section shall be construed to limit the authority of a school board to assign a teacher to a part time teaching position which does not qualify for the continuation of contributions and accrual of service credit pursuant to this section.

Sec. 5. Minnesota Statutes 1976, Chapter 354, is amended by adding a section to read:

[354.69] Each school district shall furnish to the appropriate retirement fund association all information and reports deemed necessary by the appropriate board of trustees to administer the provisions of this article.

Sec. 6. Minnesota Statutes 1976, Chapter 354A, is amended by adding a section to read:

[354A.091] [TEACHERS ON EXTENDED LEAVE.] Subdivision 1. Notwithstanding any provision of chapter 354A or the bylaws of an association relating to salary for contribution purposes or accrual of service credit to the contrary, an elementary or secondary school teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant

to section 1 of this article may receive allowable service credit toward annuities and other benefits under chapter 354A for each year of his leave by paying into the fund employee contributions during the period of the leave which shall not exceed five years. The employing district shall pay employer contributions into the fund for each year for which a member who is on extended leave pays employee contributions into the fund. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12, for the salary received during the year immediately preceding the leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before June 30 of each fiscal year for which service credit is received.

Subd. 2. A member on extended leave who pays employee contributions into the fund pursuant to subdivision 1 shall retain membership in the association for as long as he continues to pay employee contributions, under the same terms and conditions as if he had continued to teach in the district.

Subd. 3. A member on extended leave of absence pursuant to section 1 of this article who does not pay employee contributions into the fund in any year shall be deemed to cease to render teaching services beginning in that year for purposes of chapter 354A and the bylaws of the retirement association.

Subd. 4. If a member who paid employee contributions into the fund for five years while on extended leave does not resume teaching in the sixth school year after the beginning of his extended leave, he shall be deemed to cease to render teaching services beginning in that year for purposes of chapter 354A and the bylaws of the retirement association.

Subd. 5. The provisions of this section shall not apply to a member who is discharged pursuant to section 125.17 while he is on an extended leave of absence pursuant to section 1 of this article.

Subd. 6. A member who pays employee contributions and receives allowable service credit in the fund pursuant to this section may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776.

Sec. 7. Minnesota Statutes 1976, Chapter 354A, is amended by adding a section to read:

[354A.22] [QUALIFIED PART TIME TEACHERS; PARTICIPATION IN FUND.] Subdivision 1. As used in this section, the term "teachers" shall have the meaning given it in section 125.03, subdivision 1, but shall not include superintendents, principals, assistant principals or other supervisory employees as defined in section 179.63, subdivision 9.

Subd. 2. A teacher in the public schools of a city of the first class who has 20 years or more of allowable service may, by agree-

ment with the board of the employing district, be assigned to teaching service within the district in a part time teaching position.

Subd. 3. For purposes of this section, a part time teaching position shall mean a teaching position within the district in which the teacher is employed for at least 50 full days or a fractional equivalent thereof as prescribed in the appropriate bylaws of the retirement associations covered by chapter 354A, and for which the teacher is compensated at a rate not exceeding 60 percent of the compensation established by the board for a full time teacher of identical education and experience within the district.

Subd. 4. Notwithstanding any provision of chapter 354A or the bylaws of an association relating to salary for contribution purposes or accrual of service credit to the contrary, employee and employer contributions to the fund, including the state's obligation pursuant to section 354A.12, and accrual of allowable service credit toward retirement pursuant to chapter 354A shall be continued during the period of part time employment pursuant to this section upon the same basis and in the same amounts as would be payable or accrued were the teacher to have been employed on a full time basis. A teacher's contributions to the fund and accrual of allowable service credit during part time employment may not be continued pursuant to this subdivision for a period longer than 10 years.

Subd. 5. A teacher who pays employee contributions and receives allowable service credit in the fund pursuant to this section may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776.

Subd. 6. A board entering into an agreement authorized by this section shall take all steps necessary to assure continuance of any insurance programs furnished or authorized a full time teacher on an identical basis and with identical sharing of costs for a part time teacher pursuant to this section.

Subd. 7. Only teachers who are in the bargaining unit as defined in section 179.63, subdivision 17, during the year preceding the period of part time employment pursuant to this section shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4. Notwithstanding the provisions of section 179.63, subdivision 7, clauses (e) and (f), teachers who are employed on a part time basis for purposes of this section and who would therefore be disqualified from the bargaining unit by one or both of those provisions, shall continue to be in the bargaining unit during the period of part time employment pursuant to this section for purposes of compensation, fringe benefits and the grievance procedure.

Subd. 8. No teacher shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4 of this section or section 4, subdivision 4, of this article in more than one district at one time.

Subd. 9. A district shall not assign a teacher to a part time teaching position qualifying for the continuation of contributions and accrual of service credit pursuant to this section without applying for and receiving the authorization of the commissioner of finance. In cooperation with the boards of trustees of the appropriate retirement fund associations and within the limits of the amount appropriated for the purpose of this section, the commissioner of finance shall approve or disapprove applications from districts for authorization to assign teachers to part time teaching positions qualifying for the continuation of contributions and accrual of service credit pursuant to this section.

Subd. 10. Nothing within the provisions of this section shall be construed to limit the authority of a school board to assign a teacher to a part time teaching position which does not qualify for the continuation of contributions and accrual of service credit pursuant to this section.

Sec. 8. [APPROPRIATION; PART-TIME TEACHERS' RETIREMENT.] To meet the state's obligation prescribed in sections 2, 4 and 7 of this article, there is appropriated from the general fund in the state treasury to the commissioner of finance the sum of \$1,000,000 for the fiscal year ending June 30, 1978, and the sum of \$2,000,000 for the fiscal year ending June 30, 1979.

(a) Any unexpended balance remaining from the appropriation in this section for fiscal year 1978 shall not cancel but shall be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the state shall not be obligated for any amount in excess of the appropriation in this section for this purpose.

(b) Notwithstanding the provisions of sections 354.43 and 354A.12, the state's obligation prescribed in sections 4 and 7 of this article shall not be financed out of standing appropriations for the state's obligations pursuant to Chapter 354 or 354A.

ARTICLE X

EXPERIMENTAL PAIRING AND DISTRICT PLANNING

Section 1. [122.84] [POLICY.] It is the policy of the state to encourage experimental delivery systems and comprehensive educational planning that will afford better educational opportunities for all pupils, make possible a more economical and efficient operation of the schools and insure a more equitable distribution of public school revenue.

Sec. 2. [122.85] [EXPERIMENTAL PAIRING.] Subdivision 1. Notwithstanding the provisions of Minnesota Statutes, Sections 122.41 and 122.43, the board of any school district paired with another in this section upon approval by the school boards of both of the paired districts may enter into an agreement providing for the discontinuance by one district of any of grades

kindergarten through 12 and the instruction in the other district of the pupils in the discontinued grades. This provision shall apply on an experimental basis to the following pairs of school districts: Independent School Districts No. 217 and No. 220, No. 440 and No. 444, No. 649 and No. 650, No. 782 and No. 783, and No. 893 and No. 896. These experimental pairing agreements shall not extend beyond June 30, 1980.

Subd. 2. Districts entering into experimental agreements permitted in subdivision 1 shall count their resident pupils who are educated in the other district as resident pupils in the calculation of pupil units for all purposes, including foundation aid and levy limitations. Notwithstanding the provisions of Minnesota Statutes, Section 124.18, Subdivision 2, the agreements permitted in subdivision 1 shall provide for such tuition payments as the participating districts determine are necessary and equitable to compensate each district for the instruction of any nonresident pupils.

Subd. 3. The school board and exclusive bargaining representative of the teachers in each district discontinuing grades pursuant to an agreement permitted in subdivision 1 may negotiate a plan for the assignment or employment in the other district or the placement on unrequested leave of absence of any teachers whose positions are discontinued as a result of the agreement. The school board and exclusive bargaining representative of the teachers in each district providing instruction to nonresident pupils pursuant to an agreement permitted in subdivision 1 may negotiate a plan for the employment of teachers from the other district whose positions are discontinued as a result of the agreement. If such plans are negotiated in any pair of districts and if the plans are compatible with one another, the boards of those districts shall include the plans in their agreement.

Subd. 4. If compatible plans are not negotiated pursuant to subdivision 3 before the March 1 preceding any year of the agreement permitted in subdivision 1, the participating districts shall be governed by the provisions of this subdivision. Insofar as possible, teachers who have acquired continuing contract rights and whose positions are discontinued as a result of the agreement shall be employed by the other district or assigned to teach in the other district as exchange teachers pursuant to section 125.13. If necessary, teachers who are employed in affected grade levels in either district and who have acquired continuing contract rights shall be placed on unrequested leave of absence as provided in section 125.12, subdivision 6b, in fields in which they are licensed in the inverse order in which they were employed by either district, according to a combined seniority list of teachers in affected grades in both districts.

Subd. 5. As used in this section, the term "teacher" shall have the meaning given it in Minnesota Statutes, Section 125.12, Subdivision 1.

Subd. 6. Each district entering into an agreement pursuant to subdivision 1 shall continue to provide transportation and collect transportation aid for its resident pupils pursuant to sections 123.39, 124.222 and 124.223. This subdivision shall not be construed

to prohibit a district from providing some or all transportation to its resident pupils by contracting with the other district which has entered the agreement. For purposes of aid calculations pursuant to section 124.222, the commissioner may adjust the base cost per eligible pupil transported to reflect changes in costs resulting from the agreement.

Subd. 7. Each set of paired districts shall provide a report to the state department of education on August 1, 1978 and August 1, 1979. This report shall include an assessment of the fiscal and program impact of the experimental pairing experience.

Sec. 3. [122.86] [EDUCATIONAL PLANNING TASK FORCES.] Subdivision 1. [CREATION.] In order to provide for comprehensive and coherent planning for the delivery of educational services pursuant to sections 3 to 6 of this article, each educational cooperative service unit shall establish an educational planning task force. In the event an area has not established an ECSU by September 1, 1977, the commissioner shall establish a task force for that area.

Subd. 2. [SCHOOL DISTRICT PARTICIPATION.] The geographic location of the central administrative office of a school district on July 1, 1977 shall determine the participation of the total school district in a particular task force planning area. Each school district in the state shall be a member of the planning task force for its area.

Subd. 3. [TASK FORCE MEMBERSHIP.] Each task force shall consist of one member from each school district within its geographic boundaries. Each school board shall be responsible for selecting its own representative. This appointment shall be made no later than August 15, 1977, and the ECSU and the commissioner shall be notified of these appointments no later than September 1, 1977. Members of these task forces shall hold their offices from the dates of their selection until June 30, 1980. Vacancies on the task forces shall be filled by the representative school boards in the same manner as the original appointments.

Subd. 4. [ORGANIZATION.] The ECSU director shall call the first meeting of each task force at a time designated by him prior to September 30, 1977. In those areas in which an ECSU has not been formed, the commissioner shall call the initial meeting. At this meeting, each task force shall elect from its membership a chairman and such other officers as it may deem necessary, and conduct any other necessary organizational business.

Sec. 4. [122.87] [LOCAL SCHOOL DISTRICT PLANNING.] Subdivision 1. Each school district shall develop a plan for the efficient and effective delivery of educational programs and services.

Subd. 2. In the development of its plan, each district shall confer with interested faculty and residents within the district, hold such public meetings as may be necessary, and furnish to the public necessary information concerning its plan and recommendations.

Subd. 3. School districts may meet jointly to discuss plans which will cross school district boundaries.

Subd. 4. Each school district plan shall include:

(1) a statement of the goals and priorities of the district relating both to educational programs and services and to organization and management for the delivery of such programs and services; provided, goals and priorities relating to educational programs and services shall be developed as provided in section 123.741;

(2) a description, analysis, and assessment of alternative methods of organization and management which shall include: a summary of opportunities for coordination and cooperation with other districts, a statement of the consideration given to such opportunities and the reason for their rejection, a summary of restrictions and impediments to coordination and cooperation, and an assessment of the relative costs and benefits thereof;

(3) a statement of the data and assumptions upon which the district's goals and priorities and consideration of alternatives are based, with respect to at least the following factors:

(a) Enrollments for the school district including projections for fiscal years 1981, 1983, and 1988;

(b) Educational programs, services and staffing in the school district;

(c) The financial status and ability of the school district to support educational programs, including projections of revenue and expenditures;

(d) The use, capacity, location and condition of school buildings in the district, and needed capital improvements in excess of \$200,000 for the period through fiscal year 1983;

(e) Transportation costs and routes in the district;

(f) Non-public enrollments and programs and their impact on the district.

Subd. 5. The plan shall be for the period July 1, 1980, through June 30, 1983.

Subd. 6. The school district plan shall be delivered to the ECSU task force by December 1, 1978, with an informational copy sent to the commissioner.

Sec. 5. [122.88] [TASK FORCE POWERS AND DUTIES.]
Subdivision 1. The task force shall meet as necessary to assess progress of the local district planning process and provide inter-district communications.

Subd. 2. The task force shall recommend that the ECSU employ such professional, clerical and technical assistants as they deem necessary to accomplish the purpose of the task force. Members of the task force shall receive expenses deemed necessary to accomplish their purpose. An ECSU shall be designated as fiscal agent. Where an ECSU does not exist, the task force may designate a local school district to serve as fiscal agent.

Subd. 3. The task force shall review and comment on plans from each district. In addition, the task force shall develop an areawide plan, which shall include: (a) a description of the organization and management of educational services in the area

through 1983; (b) a description of alternative methods of organization and management and the cost and benefits of each; (c) a summary of opportunities for coordination and cooperation among school districts in the area; and (d) a summary of restrictions and impediments to such coordination and cooperation. The task force shall transmit its plan and its comments on each district plan to each local school district in the area and to the state department of education by June 1, 1979.

Subd. 4. In the event a plan is not submitted by a school district, the task force shall prepare a plan for that district.

Sec. 6. [122.89] [STATE DEPARTMENT OF EDUCATION.] Subdivision 1. The state department of education shall receive and review the report of each ECSU planning task force. The state department shall no later than September 1, 1979, transmit the ECSU planning task force reports to the legislature.

Subd. 2. In the event a report is not submitted by an ECSU task force, the state department of education shall provide the report for that area.

Sec. 7. [122.90] [REVIEW AND COMMENT FOR SCHOOL DISTRICT CONSTRUCTION.] Subdivision 1. After July 1, 1977, no referendum for bonds or solicitation of bids for construction of an educational facility which requires a capital expenditure in excess of \$400,000 shall be initiated prior to review and comment by the commissioner. No school board shall separate portions of a single project into components in order to evade the cost limitation of this section. Any construction project for which bonds have been authorized by referendum or legislative act or for which bids have been solicited prior to July 1, 1977, shall be considered to have been initiated prior to July 1, 1977 for purposes of this section.

Subd. 2. Each school board proposing to engage in construction of educational facilities as provided in subdivision 1 shall submit to the commissioner a proposal containing information including but not limited to the following:

(a) the geographic area likely to be served, whether within or outside the boundaries of the school district;

(b) the population likely to be served, including census findings and projections relative to the population of preschool and school aged persons in the area;

(c) the reasonably anticipated need for the facility or service to be provided by the proposal;

(d) a description of the construction in reasonable detail, including:

(1) the capital expenditures contemplated;

(2) the estimated annual operating cost, including the anticipated salary cost and numbers of new staff necessitated by the proposal; and

(3) an evaluation of the energy efficiency and effectiveness of the construction including estimated annual energy costs;

(e) so far as is known, existing institutions within the area

to be served that offer the same or similar service; the extent of utilization of existing facilities or services; the extent to which space is available from other sources, including institutions for higher education or other public buildings; and the anticipated effect that the proposal will have on existing facilities and services;

(f) the anticipated benefit to the area that will result from the proposal;

(g) so far as is known, the relationship of the proposed construction to any priorities which have been established for the area to be served;

(h) the availability and manner of financing of the proposed construction and the estimated date of commencement and completion of the project; and

(i) any desegregation requirements, provided they cannot be met by any other reasonable means.

Subd. 3. In reviewing each proposal, the commissioner or his designee shall submit to the local school board within 60 days of the receipt of the proposal his review and comment concerning the educational and economic advisability of the project. The review and comment shall be based on the information submitted with the district proposal and any other information he deems necessary.

Subd. 4. At least 20 days but no more than 60 days prior to any referendum for bonds or the solicitation of any bids for the construction of such educational facility, the local school board shall cause the review and comment of the commissioner to be published in a legal newspaper of general circulation in the area. Any supplementary information shall be held for public scrutiny at the central administrative office of the school district.

Subd. 5. Before January 15, 1978 and January 15 of each year thereafter, the commissioner shall report to the legislature on the number and nature of proposals for construction projects submitted pursuant to this section and the nature of his review and comment on their educational and economic advisability. The report shall include information on the final actions of school districts concerning construction projects for which proposals were submitted and reviewed pursuant to this section. If a substantial amount of construction has been carried out despite the finding of the commissioner that it would be educationally or economically inadvisable, the report shall contain the commissioner's specific recommendations for further legislation needed to prevent school districts from carrying out inadvisable projects in the future. These recommendations shall include the commissioner's proposal for legislation requiring districts to obtain a certificate of need before commencing construction of an educational facility.

Sec. 8. [APPROPRIATION.] Subdivision 1. The sum of \$700,000 is appropriated from the general fund to the department of education to be available until June 30, 1979 to pay staff salaries, expenses of educational planning task force members, and expenses of other authorized activities as provided in this article. Each

ECSU shall receive \$70,000 upon formation of a planning task force and application to the commissioner of education. Where two or more areas have been combined to form a single ECSU, funds shall be available to the ECSU for each of the areas. Where an ECSU does not exist, a school district may be designated by the task force to receive the funds and serve as fiscal agent.

Subd. 2. The sum of \$55,000 is appropriated from the general fund to the department of education to be available until June 30, 1979 for the purposes of section 7 of this article. One additional complement position shall be authorized for this activity.

Sec. 9. [EFFECTIVE DATE.] Sections 1, 3, 4, 5, 6 and 7 of this article shall be effective the day following final enactment. Section 2 of this article shall take effect with respect to each pair of independent school districts named in subdivision 1 of section 2 upon its approval by the school boards of both of the paired districts."

Further, strike the title and insert:

"A bill for an act relating to education; providing for aids to education, tax levies, and the distribution of tax revenues; granting certain powers and duties to school boards, school districts, educational cooperative service units, the commissioner of education, the state board of education and the state board for vocational education; changing the method of distributing the agricultural tax credit; providing for tuition and tuition subsidies for certain post-secondary vocational-technical school students; establishing formulas for current funding of adult and secondary vocational education, capital expenditure equalization aid and school lunch aid; providing a June 1 date for the discharge or termination of certain teachers; increasing the number of early childhood and family education pilot programs; establishing certain incentives for teacher mobility; allowing the experimental pairing of certain districts; requiring review and comment by the commissioner of education on certain construction projects; appropriating money; amending Minnesota Statutes 1976, Sections 3.9271; 3.9272; 3.9275; 120.10, Subdivisions 1 and 2; 120.17, Subdivisions 1, 1a, 5a and 7a; 121.11, Subdivision 5; 121.88; 121.902; 121.908, by adding a subdivision; 121.914, Subdivisions 1, 2, 3 and 4; 121.917, Subdivisions 1 and 2; 122.21, Subdivision 6; 123.335, Subdivision 2; 123.351, Subdivisions 4 and 5; 123.39, Subdivision 5; 123.581, Subdivisions 1, 2, 3 and 6; 123.71, Subdivisions 1 and 2 and by adding a subdivision; 123.742, Subdivision 1; 124.11; 124.14, Subdivisions 1 and 2; 124.17, Subdivisions 1 and 2 and by adding a subdivision; 124.19, Subdivision 1; 124.212, Subdivisions 1, 3a, 4, 6b, 7b, 8a, and by adding subdivisions; 124.213; 124.222, Subdivisions 1a, 1b, 2a, 3 and 6; 124.223; 124.24; 124.26, Subdivisions 1 and 4; 124.271, Subdivision 2; 124.32; 124.38, Subdivision 7; 124.562, Subdivision 1; 124.563, Subdivisions 1 and 3; 124.565, Subdivisions 1 and 3; 124.57; 124.572; 124.573; 125.08; 125.12, Subdivisions 3, 4 and 10; 125.17, Subdivision 3; 128A.02, Subdivisions 2 and 3; 128A.06; 273.132; 273.138, Subdivision 3; 275.124; 275.125, Subdivisions 2a, 4, 8, 9, 9a,

12, 13 and by adding subdivisions; 466.06; 475.61, Subdivision 4; and Chapters 6, by adding a section; 121, by adding a section; 124, by adding sections; 136A, by adding a section; 354, by adding sections; and 354A, by adding sections; Laws 1967, Chapter 822, Section 7, as amended; Laws 1969, Chapter 775, Section 4, Subdivision 2, as amended; Laws 1969, Chapter 1060, Section 7, as amended; Laws 1973, Chapter 683, Section 26, Subdivision 17, as amended; Laws 1976, Chapter 20, Sections 3 and 7; Laws 1976, Chapter 271, Section 8, Subdivision 1, and Section 94; repealing Minnesota Statutes 1976, Sections 123.40, Subdivision 7; 124.04; 124.19, Subdivision 2; 124.212, Subdivisions 3a and 19; 124.215, Subdivisions 2a, 3, 4, 5, 7 and 8; 124.221; 124.222, Subdivisions 4 and 5; 124.23; 124.25; 124.271, Subdivision 1; 124.30; 124.562, Subdivisions 5 and 6; 124.563, Subdivision 4; 124.565, Subdivisions 2 and 5; 124.57, Subdivisions 1 and 3 as added; 124.271, Subdivision 1; 126.021; 126.022; 126.024; 273.138, Subdivision 7; 473.633; and 473.635."

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

House Conferees: (Signed) Willis R. Eken, Carl M. Johnson, Thomas K. Berg, John D. Tomlinson, Gilbert D. Esau

Senate Conferees: (Signed) Gene Merriam, Jerald C. Anderson, Douglas H. Sillers, Jerome M. Hughes, Neil Dieterich

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on H. F. No. 550 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. 550: A bill for an act relating to education; providing for aids to education, tax levies, and the distribution of tax revenues; granting certain powers and duties to school boards, school districts, educational cooperative service units, the commissioner of education, the state board of education and the state board for vocational education; changing the method of distributing the agricultural tax credit; providing for tuition and tuition subsidies for certain post-secondary vocational-technical school students; establishing formulas for current funding of adult and secondary vocational education; capital expenditure equalization aid and school lunch aid; providing a June 1 date for the discharge or termination of certain teachers; increasing the number of early childhood and family education pilot programs; establishing certain incentives for teacher mobility; allowing the experimental pairing of certain districts; requiring review and comment by the commissioner of education on certain construction projects; appropriating money; amending Minnesota Statutes 1976, Sections 3.9271; 3.9272; 3.9275; 120.10, Subdivisions 1 and 2; 120.17, Subdivision 1, 1a, 5a and 7a; 121.11, Subdivision 5; 121.88; 121.902; 121.908, by adding a subdivision; 121.914, Subdivisions 1, 2, 3 and 4; 121.917, Subdivisions 1 and 2; 122.21, Subdivision 6; 123.335, Subdivision 2; 123.351, Subdivisions 4 and 5; 123.39, Subdivision 5; 123.581, Subdivisions 1, 2, 3 and 6; 123.71, Subdivisions 1 and 2 and by

adding a subdivision; 123.742, Subdivision 1; 124.11; 124.14, Subdivisions 1 and 2; 124.17, Subdivisions 1 and 2 and by adding a subdivision; 124.19, Subdivision 1; 124.212, Subdivisions 1, 3a, 4, 6b, 7b, 8a, and by adding subdivisions; 124.213; 124.222, Subdivisions 1a, 1b, 2a, 3 and 6; 124.223; 124.24; 124.26, Subdivisions 1 and 4; 124.271, Subdivision 2; 124.32; 124.38, Subdivision 7; 124.562, Subdivision 1; 124.563, Subdivisions 1 and 3; 124.565, Subdivisions 1 and 3; 124.57; 124.572; 124.573; 125.08; 125.12, Subdivisions 3, 4 and 10; 125.17, Subdivision 3; 128A.02, Subdivisions 2 and 3; 128A.06; 273.132; 273.138, Subdivision 3; 275.124; 275.125, Subdivisions 2a, 4, 8, 9, 9a, 12, 13 and by adding subdivisions; 466.06; 475.61, Subdivision 4; and Chapters 6, by adding a section; 121, by adding a section; 124, by adding sections; 136A, by adding a section; 354, by adding sections; and 354A, by adding sections; Laws 1967, Chapter 822, Section 7, as amended; Laws 1969, Chapter 775, Section 4, Subdivision 2, as amended; Laws 1969, Chapter 1060, Section 7, as amended; Laws 1973, Chapter 683, Section 26, Subdivision 17, as amended; Laws 1976, Chapter 20, Sections 3 and 7; Laws 1976, Chapter 271, Section 8, Subdivision 1, and Section 94; repealing Minnesota Statutes 1976, Sections 123.40, Subdivision 7; 124.04; 124.19, Subdivision 2; 124.212, Subdivisions 3a and 19; 124.215, Subdivisions 2a, 3, 4, 5, 7 and 8; 124.221; 124.222, Subdivisions 4 and 5; 124.23; 124.25; 124.271, Subdivision 1; 124.30; 124.562, Subdivisions 5 and 6; 124.563, Subdivision 4; 124.565, Subdivisions 2 and 5; 124.57, Subdivisions 1 and 3 as added; 124.271, Subdivision 1; 126.021; 126.022; 126.024; 273.138, Subdivision 7; 473.633; and 473.635.

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

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

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Laufenburger	Olson	Solon
Ashbach	Frederick	Lessard	Penny	Spear
Bang	Gearty	Lewis	Perpich	Staples
Benedict	Gunderson	Luther	Peterson	Stokowski
Bernhagen	Hanson	Menning	Pillsbury	Strand
Borden	Hughes	Merriam	Purfeerst	Stumpf
Brataas	Humphrey	Milton	Renneke	Tennessee
Chmielewski	Johnson	Moe	Schmitz	Ulland, J.
Coleman	Keefe, J.	Nelson	Schrom	Vega
Davies	Keefe, S.	Nichols	Setzepfandt	Wegener
Dieterich	Knoll	Ogdahl	Sikorski	Willet
Dunn	Knutson	Olhoft	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 Senate File No. 1416 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1416: A bill for an act relating to the organization and operation of state government; appropriating money for welfare, corrections, health, and other purposes, including appropriations for the departments of public welfare, vocational rehabilitation, corrections, corrections ombudsman, health, health related boards, and public assistance programs; and repealing Minnesota Statutes 1976, Section 261.233.

Senate File No. 1416 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1977

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. 1349 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1349: A bill for an act relating to the organization and operation of state government; regulating organization and procedures of various state departments and agencies; providing for the source of per diem and expense payments; providing for appointment and compensation of the employees suggestion board; removing the minimum teachers' license fee; permitting the board of teaching to adopt rules; regulating state arts board grants and publicity; providing the status of part time executive secretaries; permitting joint rule making proceedings; changing the name and composition of the state board of human rights; making miscellaneous inconsequential clarifications and corrections; amending Minnesota Statutes 1976, Sections 15.01; 15.059, Subdivision 6; 16.71, Subdivisions 1 and 1a; 121.02, Subdivision 1; 125.08; 125.185, by adding a subdivision; 139.10, Subdivision 1, and by adding subdivisions; 144A.19, Subdivision 2; 144A.21, Subdivision 1; 144A.251; 214.04, Subdivision 3, and by adding a subdivision; 214.06, Subdivision 1; 238.04, Subdivision 2; 363.04, Subdivisions 4, 4a and 5; Chapter 15, by adding a section; and Laws 1976, Chapter 222, Section 207, Subdivision 2; repealing Minnesota Statutes 1976, Sections 144A.21, Subdivisions 3 and 4; 144A.25; and 214.05.

Senate File No. 1349 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1977

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Sen-

ate File No. 977 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 977: A bill for an act relating to marriage; requiring certain information to be included on an application for a marriage license; amending Minnesota Statutes 1976, Sections 517.08, Subdivision 1; and 517.10.

Senate File No. 977 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1977

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. 743 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 743: A bill for an act relating to health; establishing a health program for pre-school children; providing for payments to school districts; appropriating money.

Senate File No. 743 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1977

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. 695 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 695: A bill for an act relating to the Como Park zoo; requiring the metropolitan council to issue bonds for repair, construction, reconstruction, improvement, and rehabilitation of the Como Park zoo by the City of Saint Paul; amending Minnesota Statutes 1976 Chapter 473, by adding a section.

Senate File No. 695 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1977

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. 73 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 73: A bill for an act relating to weather modification;

prohibiting the use of cloud seeding apparatus located on the ground; prescribing a penalty.

Senate File No. 73 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1977

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. 896 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 896: A bill for an act relating to the establishment of a power plant site and transmission line route selection authority in the environmental quality board; eliminating the corridor designation process; clarifying certain procedures; authorizing certain options concerning the amount of land to be condemned and annual payments for owners of land condemned for routes or sites; requiring the board and the office of hearing examiners to adopt emergency and permanent rules; authorizing the board to revoke or suspend permits; specifying amounts for route application fees; providing for a property tax credit for land crossed by high voltage transmission lines; providing penalties; amending Minnesota Statutes 1976, Sections 116C.52, Subdivisions 3 and 7, and by adding subdivisions; 116C.53; 116C.54; 116C.55, Subdivisions 2 and 3; 116C.57; 116C.58; 116C.59, Subdivision 1, and by adding subdivisions; 116C.61, Subdivisions 2 and 3; 116C.62; 116C.63; 116C.64; 116C.65; 116C.66; 116C.67; 116C.68; 116C.69; 273.42; 276.04; and Chapters 116C, by adding a section; and 273, by adding a section; repealing Minnesota Statutes 1976, Sections 116C.55, Subdivision 1; and 116C.56.

Senate File No. 896 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1977

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. 971 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 971: A bill for an act relating to probate; registrars; specifying certain powers of registrars; amending Minnesota Statutes 1976, Section 524.1-307.

Senate File No. 971 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1977

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. 1172 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1172: A bill for an act relating to administrative procedures of governmental agencies; adding metropolitan and capitol area agencies under the coverage of the administrative procedure act; limiting rule-making authority and obligations; permitting incorporation by reference; requiring completion of hearing examiner reports within a specified period; permitting an agency to appeal adverse district court decisions; providing copies of the state register for public libraries; providing for subpoenas and reporters; amending Minnesota Statutes 1976, Sections 15.0411, Subdivision 2; 15.0412; 15.0413, Subdivision 3; 15.0417; 15.0426; 15.048; 15.051, Subdivision 4; 15.052, Subdivisions 4 and 5; and 15.42.

Senate File No. 1172 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1977

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. 1337 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1337: A bill for an act relating to state employees; providing for wage and fringe benefits for certain state employees; ratifying collective bargaining agreements; providing emergency rule making authority; increasing salary ranges; appropriating money; amending Minnesota Statutes 1976, Chapter 43, by adding a section; Sections 43.09, Subdivision 3; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 10, 11, 14, 16, 17, and 18, and by adding a subdivision; 43.121, Subdivision 3; 43.122, Subdivision 3, and by adding a subdivision; 43.126, Subdivision 1; 43.323, by adding a subdivision; 43.42; 43.44, Subdivision 1; 43.46; and 43.50, Subdivision 1; repealing Minnesota Statutes 1976, Sections 43.09, Subdivision 7; and 43.12, Subdivisions 4 and 9.

Senate File No. 1337 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1977

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. 1395 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1395: A bill for an act relating to education; public television and radio; altering the calculation of matching funds required by public stations; appropriating money; amending Minnesota Statutes 1976, Section 139.18, Subdivisions 1 and 2.

Senate File No. 1395 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 23, 1977

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. 649 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 649: A bill for an act relating to taxation; permitting certain appeals of assessments to the commissioner of revenue; providing for appointment of local assessors or termination of their offices; refining terms of senior citizens property tax freeze; eliminating assessors' bonds; eliminating certification of local treasurers' bonds; providing for appeal of property classification; defining certain powers of boards of equalization; clarifying redemption period for tax-forfeited lands; amending Minnesota Statutes 1976, Sections 270.11, Subdivision 7; 270.50; 273.011, Subdivision 4; 273.012, Subdivision 2; 273.04; 273.05, Subdivisions 1 and 2; 273.06; 273.061, Subdivision 3; 274.01, Subdivision 1; 274.13, Subdivision 1; 276.12; and 281.17; and Chapter 270, by adding a section.

Senate File No. 649 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 23, 1977

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. 124 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 124: A bill for an act relating to women; establishing pilot programs to provide emergency shelter and support services to battered women; providing funds to establish community education programs about battered women; providing for data collection; waiving certain general assistance eligibility requirements for battered women; appropriating money; amending Minnesota Statutes 1976, Section 256D.05, by adding a subdivision.

Senate File No. 124 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 23, 1977

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. 1467 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1467: A bill for an act relating to the organization and operation of state government; appropriating money for the general administrative and judicial expenses of state government and limiting the use thereof; providing for the transfer of certain moneys in the state treasury; authorizing land acquisition in certain cases; fixing and limiting the amount of fees to be collected in certain cases; amending Minnesota Statutes 1976, Sections 10.30; 16A.095, Subdivision 2; 16A.10, Subdivisions 1 and 2; 16A.11, Subdivisions 2 and 3; 43.09, Subdivision 2; 43.31; 98.46, by adding a subdivision; 168.33, Subdivisions 2 and 7; 176.602; 183.545, Subdivisions 1, 3 and 4; 183.57, Subdivision 2; 186.04; 260.311, Subdivision 2; 268.06, Subdivision 25; 296.06, Subdivision 2; 296.12, Subdivision 1; 326.241, Subdivision 3; 362.125; 363.14, by adding a subdivision; 462.389, Subdivision 4; Chapter 16A, by adding a section; Laws 1971, Chapter 121, Section 2, as amended; and Laws 1976, Chapter 260, Section 3; repealing Minnesota Statutes 1976, Sections 15.61, Subdivision 3; 16.173; 16A.095, Subdivision 1; 16A.12 and 176.603.

Senate File No. 1467 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 23, 1977

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 311 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 311

A bill for an act relating to courts; providing for the selection of chief judges; permitting the assignment of judges to serve in other judicial districts; prescribing duties of the chief justice; providing for the rotation of the duties of family court in Hennepin county; providing for the rotation of the duties of juvenile court in Hennepin and Ramsey counties; prescribing duties of the supreme court administrator; providing continuous terms of court; providing for the payment of judges' salaries and expenses; abolishing de novo jurisdiction of district courts when hearing appeals; creating the office of district administrator; abolishing the office of justice of the peace; providing for appellate panels in district court; providing for the compensation of certain judges upon compliance with certain provisions of the law; amending Minnesota Statutes 1976, Sections 2.724; 260.021, Subdivisions 2 and 3; 480.15, by adding subdivisions; 480.17; 480.18; 484.08; 484.34; 484.54; 484.62; 484.63; 484.65, Subdivisions 1 and 6; 484.66; 485.01; 485.018, by adding a subdivision; 487.01, Subdivisions 1, 3, 5 and 6; 487.02, Subdivision 1; 487.08; 487.25, Subdivision 6;

487.35, Subdivision 1; 487.39; 488.20; 488A.01, Subdivision 10 and by adding a subdivision; 488A.021, Subdivision 8; 488A.10, Subdivisions 1 and 6; 488.111; 488A.12, Subdivision 5; 488A.18, Subdivision 11 and by adding a subdivision; 488A.19, Subdivision 10; 488A.27, Subdivisions 1 and 6; 488A.281; 488A.29, Subdivision 5; and 525.081, Subdivision 7; Chapters 480, by adding a section; 484, by adding a section; 487, by adding a section; and Laws 1977, Chapter 35, Section 18; repealing Minnesota Statutes 1976, Sections 484.05; 484.09; 484.10; 484.11; 484.12; 484.13; 484.14; 484.15; 484.16; 484.17; 484.18; 484.28; 484.29; 484.47; 485.02; 487.03, Subdivision 4; 487.10, Subdivision 6; 487.35, Subdivisions 2, 3, 4, 5 and 6; 487.39, Subdivision 3; 487.41; 488A.01, Subdivision 11; 488A.021, Subdivision 7; 488A.18, Subdivision 12; 488A.19, Subdivisions 8 and 9; 490.124, Subdivision 7; and Chapters 530; 531; 532; and 633.

May 23, 1977

The Honorable Edward J. Gearty
President of the Senate

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

We, the undersigned conferees for S. F. No. 311, report that we have agreed upon the items in dispute and recommend as follows:

That S. F. No. 311 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1976, Section 2.722, is amended to read:

2.722 [JUDICIAL DISTRICTS.] *Subdivision 1.* [DESCRIPTION.] Effective July 1, 1959, the state is divided into ten judicial districts composed of the following named counties, respectively, in each of which districts two or more judges shall be chosen as hereinafter specified:

1. Goodhue, Dakota, Carver, LeSueur, McLeod, Scott, and Sibley; five judges; and four permanent chambers shall be maintained in Red Wing, Hastings, Shakopee, and Glencoe and one other shall be maintained at the place designated by the chief judge of the district;

2. Ramsey; 12 judges;

3. Wabasha, Winona, Houston, Rice, Olmsted, Dodge, Steele, Waseca, Freeborn, Mower, and Fillmore; six judges; and permanent chambers shall be maintained in Faribault, Albert Lea, Austin, Rochester, and Winona;

4. Hennepin; 19 judges;

5. Blue Earth, Watonwan, Lyon, Redwood, Brown, Nicollet, Lincoln, Cottonwood, Murray, Nobles, Pipestone, Rock, Faribault, Martin, and Jackson; five judges; and permanent chambers shall

be maintained in Marshall, Windom, Fairmont, New Ulm, and Mankato;

6. Carlton, St. Louis, Lake, and Cook; six judges;

7. Benton, Douglas, Mille Lacs, Morrison, Otter Tail, Stearns, Todd, Clay, Becker, and Wadena; four judges; and permanent chambers shall be maintained in Moorhead, Fergus Falls, Little Falls, and St. Cloud;

8. Chippewa, Kandiyohi, Lac qui Parle, Meeker, Renville, Swift, Yellow Medicine, Big Stone, Grant, Pope, Stevens, Traverse, and Wilkin; three judges; and permanent chambers shall be maintained in Morris, Montevideo, and Willmar;

9. Norman, Polk, Marshall, Kittson, Red Lake, Roseau, Mah-nomen, Pennington, Aitkin, Itasca, Crow Wing, Hubbard, Bel-trami, Lake of the Woods, Clearwater, Cass and Koochiching; six judges; and permanent chambers shall be maintained in Crookston, Thief River Falls, Bemidji, Brainerd, Grand Rapids, and International Falls;

10. Anoka, Isanti, Wright, Sherburne, Kanabec, Pine, Chisago, and Washington; six judges; and permanent chambers shall be maintained in Anoka, Stillwater, and such other places as may be designated by the chief judge of the district.

Subd. 2. [ALTERING BOUNDARIES.] The supreme court, with the consent of a majority of the chief judges of the judicial districts, may alter the boundaries or change the number of judicial districts, except the second and fourth judicial districts.

Sec. 2. Minnesota Statutes 1976, Section 2.724, is amended to read:

2.724 [CHIEF JUSTICE OF SUPREME COURT, DUTIES.] Subdivision 1. When public convenience and necessity require it, the chief justice of the supreme court may assign any judge of the district any court to serve and discharge the duties of judge of any other court in a judicial district not his own at such times as the chief justice may determine. A judge may appeal his assignment to serve on a court in a judicial district not his own to the supreme court and the appeal shall be decided before the assignment is effective. Notwithstanding the provisions of this subdivision, no judge shall be assigned to serve on a court in a judicial district which is located more than 50 miles from the boundary of his judicial district for more than 15 working days in any 12 month period, unless he consents to the assignment.

A transferred judge shall be subject to the assignment powers of the chief judge of the judicial district to which he is transferred.

Subd. 2. To promote and secure more efficient administration of justice, the chief justice of the supreme court of the state shall supervise and coordinate the work of the district courts of the state. The supreme court may provide by rule that the chief justice not be required to write opinions as a member of the supreme court. Its rules may further provide for it to hear and consider cases in

divisions, and it may by rule assign temporarily any retired justice of the supreme court or one district court judge at a time to act as a justice of the supreme court. Upon the assignment of a district court judge to act as a justice of the supreme court a district court judge previously acting as a justice may continue to so act to complete his duties. Any number of justices may disqualify themselves from hearing and considering a case, in which event the supreme court may assign temporarily a retired justice of the supreme court or a district court judge to hear and consider the case in place of each disqualified justice. At any time that a retired justice is acting as a justice of the supreme court under this section, he shall receive, in addition to his retirement pay, such a further sum, to be paid out of the general fund of the state, as shall afford him the same salary as an associate justice of the supreme court.

Subd. 3. When public convenience and necessity require it, the chief justice of the supreme court may assign any municipal judge of the state to serve and discharge the duties of a municipal judge in any other municipality not his own, at such times as the chief justice may determine. Any municipality so served by a municipal judge other than its own shall pay such judge all sums for travel, meals, lodging and communications necessarily paid or incurred by him as a result of such assignment together with the per diem payment specified for a special judge of a municipal court by section 488.22, subdivision 1.

Subd. 4. The chief justice of the supreme court may assign a retired justice of the supreme court to act as a justice of the supreme court pursuant to subdivision 2 or as a judge of any other court. The chief justice may assign a retired judge of the district any court to act as a judge of the district any court in any judicial district or any other court except the supreme court. The chief justice may assign any other retired judge to act as a judge of any court whose jurisdiction is not greater than the jurisdiction of the court from which he retired. Unless otherwise provided by law, A judge acting pursuant to this subdivision shall receive pay and expenses in the amount and manner provided by law for actively serving retired district judges serving on the court to which the retired judge is assigned, less the amount of retirement pay which the judge is receiving. A judge acting pursuant to this subdivision or any other law providing for the service of retired judges shall be paid only his expenses for service performed while still receiving the full pay of the office from which he retired.

Subd. 4. The chief justice shall exercise general supervisory powers over the courts in the state. His powers shall include, but not be limited to:

(a) Supervision of the courts' financial affairs, programs of continuing education for judicial and nonjudicial personnel and planning and operations research;

(b) Serving as chief representative of the court system and as liaison with other governmental agencies for the public; and

(c) Supervision of the administrative operations of the courts.

The chief justice may designate other justices or judges to assist him in the performance of his duties.

Sec. 3. Minnesota Statutes 1976, Section 43.43, Subdivision 2, is amended to read:

Subd. 2. "State employee" for the purpose of determining eligibility for the basic life insurance and basic health benefits coverage hereunder means:

(1) An employee in the classified service of the state civil service paid on a state payroll;

(2) An employee in the unclassified service of the state paid on a state payroll who is not excluded from any of the provisions of sections 43.42 to 43.49;

(3) A permanent employee of the legislature or a permanent employee of a permanent study or interim committee or commission;

(4) A judge of the supreme court or an officer or employee of such court; a judge of the district court, *a judge of county court, a judge of county municipal court, a judge of probate court*;

(5) A salaried employee of the public employees retirement association;

(6) Full time military or civilian personnel in the unclassified service of the department of military affairs whose salary is paid from state funds;

(7) A salaried employee of the Minnesota historical society, whether paid from state funds or otherwise, who is not a member of the governing board;

(8) An employee of the regents of the University of Minnesota, who is a member of the academic staff with the rank of instructor, research fellow, or above, including a lecturer, serving on not less than 75 percent regular appointment;

(9) An employee of the regents of the University of Minnesota and a member of the civil service staff under the civil service plan, adopted by the University of Minnesota, who is employed on a monthly salaried appointment;

(10) An employee of the state university board or the state board for community colleges who is a member of the academic staff, who is employed for not less than a 75 percent time basis, and who is paid on a state salary payroll; or

(11) An employee of the state university board or the state board for community colleges who is either in the classified service or the unclassified service of the state civil service whose salary is paid from the university board of the state of Minnesota, revenue fund or the university activity fund. The required premium payment of such an employee is to be paid, however, from the fund from which the employee's salary is paid.

(12) A member of the state legislature.

(13) A seasonal employee of the waters, soils and minerals division of the state department of natural resources whose duties include the sampling, weighing or grading of iron ore, taconite, or other minerals; provided that the employee shall receive the benefits provided in sections 43.42 to 43.50, at no cost to the employee for the period in each calendar year when the employee is not working at his occupation, and the premiums therefor shall be paid from the same salary fund or account as the salary of the employee.

(14) A person employed in the state service as a pre-service trainee on a full time basis.

Sec. 4. Minnesota Statutes 1976, Section 43.47, Subdivision 6, is amended to read:

Subd. 6. A judge of any court, and An officer or employee thereof of any court except as otherwise provided in section 43.43;

Sec. 5. Minnesota Statutes 1976, Section 271.01, Subdivision 1, is amended to read:

271.01 [CREATION.] Subdivision 1. [MEMBERSHIP, APPOINTMENT, QUALIFICATIONS.] There is hereby created a tax court of appeals, herein called the tax court of appeals, as an independent agency of the executive branch of the government, in the department of revenue, but not in any way subject to the supervision or control of the commissioner of revenue. The tax court of appeals shall consist of three judges, each of whom shall be a citizen of the state, appointed by the governor, by and with the advice and consent of the senate. They shall be selected on the basis of their experience with and knowledge of taxation and tax laws. So far as practicable, they shall be nonpartisan in their political affiliations, and not more than two of them shall be members of or affiliated with the same political party or organization. No judge of the tax court of appeals shall hold any other office under this state or any of its political subdivisions, nor any other office or position the salary for which is paid, in whole or in part, from appropriations from the tax revenues of the state of Minnesota, nor any office under the government of the United States or any other state, nor be a candidate for an elective office under the laws of this state or of the United States or of any other state. No judge of the tax court of appeals shall hold any position of trust or profit or engage in any occupation or business which would conflict with or be inconsistent with his duties as a judge of the tax court of appeals, nor serve on or under any political committee or other organization interested in any election, nor take part, directly or indirectly, in any election campaign in the interest of any political party or other organization or any candidate or measure to be voted upon by the people. No judge of the tax court of appeals shall act as attorney, counselor, or accountant in the matter of any tax, fee, or assessment imposed or levied under authority of this state or any political subdivision thereof.

Sec. 6. Minnesota Statutes 1976, Section 480.15, is amended by adding subdivisions to read:

Subd. 10a. The court administrator shall prepare uniform standards and procedures for the recruitment, evaluation, promotion, in-service training and discipline of all personnel in the court system other than judges, referees, judicial officers, court reporters and court services officers. The court administrator shall file a report on the uniform standards and procedures with the legislature by June 30, 1978.

Subd. 10b. The court administrator shall promulgate and administer uniform requirements for court budget and information systems, the compilation of statistical information, and the collection, storage and use of court records.

Sec. 7. Minnesota Statutes 1976, Section 480.17, is amended to read:

480.17. [JUDGES; CLERKS; OTHER OFFICERS; TO COMPLY WITH REQUESTS OF THE COURT ADMINISTRATOR AND DISTRICT ADMINISTRATORS.] *Subdivision 1. The judges and clerks of the courts and all other officers, state and local, shall comply with all requests made by the court administrator after approval by the chief justice, for information and statistical data bearing on the state of the dockets of such courts and such other information as may reflect the business transacted by them and the expenditure of public moneys for the maintenance and operation of the judicial system.*

Subd. 2. The failure of a judge or state or local officer to comply with requests made by the court administrator pursuant to subdivision 1 is grounds for removal from office by the appointing authority. Nothing in this subdivision shall be construed to restrict the power of the district court to remove a clerk of court from office.

Subd. 3. Every clerk of court shall also comply with requests for statistical or other information made by the district administrator of the judicial district in which the clerk serves.

Sec. 8. Minnesota Statutes 1976, Section 480.18, is amended to read:

480.18 [CONFERENCE OF JUDGES; JUDGE'S EXPENSES.] *At least once each year the supreme court of this state may provide by rule or special order for the holding in this state of an annual chief justice shall call a conference of the judges of the courts of record of this state, and of members of the respective judiciary committees of the legislature, and of invited members of the bar, for the consideration of matters relating to judicial business, the improvement of the judicial system, and the administration of justice. Each judge attending such the annual judicial conference shall be entitled to be reimbursed for his necessary expenses to be paid from state appropriations made for the purposes of sections 480.13 to 480.20.*

Sec. 9. Minnesota Statutes 1976, Chapter 480, is amended by adding a section to read:

[480.22] *The supreme court shall designate the location of*

chambers for judges of all courts in the state after consultation with the judges of the affected judicial district. Chambers locations set forth in section 2.722, subdivision 1, shall remain in effect until changed pursuant to this section.

Sec. 10. Minnesota Statutes 1976, Section 484.08, is amended to read:

484.08 [DISTRICT COURTS TO BE OPEN AT ALL TIMES.] The district courts of the state shall be deemed open at all times, except on legal holidays and Sundays, for the transaction of such business as may be presented, including the issuance of writs and processes, the hearing of matters of law in pending actions and proceedings, and the entry of judgments and decrees therein; and, in addition to the general terms appointed by law to be held, which may be adjourned from time to time, the judge of the district court, or one thereof in districts of more than one judge, may by order filed with the clerk, convene the court in actual session during the vacation period on a date named in the order, for the trial of both civil actions involving public interest and criminal actions, whenever in his judgment public interests will thereby be promoted. When so convened, the court may, by order entered in the minutes by the clerk, direct the issuance of special venues for grand and petit juries, returnable on a named date, for the performance of such duties as may be submitted by the court in the usual course of procedure. Civil actions involving public interests may be noticed for trial at an adjourned sitting of such term occurring more than eight days after the date of calling same, and informations by the county attorney charging the commission of crimes within the county may, as authorized by law, be presented at such terms, and any such information then presented and filed and all indictments then returned by the special grand jury shall be proceeded with by the court in all respects in harmony with the law applicable to other cases and other terms of the court. The judge of the district court may also, by order filed with the clerk, appoint special terms in any county of the district for the hearing of matters of law. *The terms of the district courts shall be continuous.*

Sec. 11. Minnesota Statutes 1976, Section 484.54, is amended to read:

484.54 [EXPENSES OF JUDGES.] *Subdivision 1.* 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 while absent from their places of residence in the discharge of their official duties, except that a judge shall not be paid such travel expenses for travel from his place of residence to and from his permanent chambers.

Except as provided in subdivision 2, judges shall be compensated for travel and subsistence 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, stationery, including printed letterheads and envelopes for official business; 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; and 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.

Subd. 2. A judge shall be paid travel expenses for travel from his place of residence to and from his permanent chambers only for a period of two years after the effective date of this section or the date he initially assumes office, whichever is later.

Subd. 3. Each judge claiming reimbursement for allowable expenses may file with the supreme court monthly and shall file not later than 90 days after the expenses are incurred, an itemized statement, verified by the judge, of all allowable expenses actually paid by him. 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. 12. Minnesota Statutes 1976, Section 484.62, is amended to read:

484.62 [COMPENSATION AND REPORTER.] When such a retired judge undertakes such service, he shall be provided at the expense of the county in which he is performing such the service with a reporter, selected by such the retired judge, clerk, bailiff, if the judge deems a bailiff necessary, and a courtroom or hearing room for the purpose of holding court or hearings, to be paid for by the county in which such the service is rendered and shall be paid in addition to his retirement compensation and not affecting the amount thereof, the sum of \$50 per diem for such additional service, together with travel pay in the sum of nine cents per mile same amount and manner as other state employees and his actual expenses incurred in such the service, said payment to be made in the same manner as the payment of salaries for district judges of the district court, on certification by the presiding or senior chief judge of the judicial district or by the chief Judge justice of the supreme court of the state of Minnesota. A deputy clerk may act as bailiff when called to do so for the purposes of this section.

Sec. 13. Minnesota Statutes 1976, Section 484.63, is amended to read:

484.63 [APPEAL.] *Subdivision 1.* Any person convicted of a petty misdemeanor or a violation of a municipal ordinance punishable by a fine only may appeal from the conviction to the district court upon questions of law only. Any person convicted of a violation of a municipal ordinance for which a sentence of imprisonment is authorized may appeal to the district court in the same manner and with the same effect as provided by chapter 633, except that the appellant shall not have the right to a jury trial unless he was convicted of the violation of a municipal ordinance, charter provi-

sion, rule or regulation for which a sentence to imprisonment is authorized and he was not tried by jury in the municipal court. An aggrieved party may appeal to the district court from a determination of a county court or a county municipal court as provided in section 487.39. The appeal shall be heard by a panel of three judges in the district in which the action was first adjudicated. The judges shall be assigned by the chief judge of the judicial district. Upon request by the chief judge of the judicial district the supreme court may temporarily assign a judge from another district to serve on an appellate panel pursuant to section 2.724, subdivision 1.

Subd. 2. The chief judge of the judicial district may schedule appellate terms for the hearing of appeals from lower courts. He shall give three weeks' written notice of every appellate term to the clerks of the district court in the counties in which the appeals arose.

Subd. 3. Pleading, practice, procedure and forms in appellate actions shall be governed by rules of procedure adopted by the supreme court for appeal from county to district court. On appeal to the district court briefs shall be acceptable if reproduced from a typewritten page by any means which produces a clear black on white copy.

Sec. 14. Minnesota Statutes 1976, Section 484.65, Subdivision 1, is amended to read:

484.65 [FAMILY COURT DIVISION; FOURTH JUDICIAL DISTRICT.] Subdivision 1. In the fourth judicial district, a family court division of the district court is hereby created to be presided over by a district court judge appointed by the chief judge of the judicial district to serve for a term not exceeding two years. The judge appointed or elected to said this office shall be designated as the district court judge, family court division. Said district court judge shall be elected or appointed in the manner as provided for the election or appointment of other district court judges, except that he shall be designated district court judge, family court division, and at the primary or general election the office shall be so designated on the ballot. No judge may be appointed to serve consecutive terms as the district court judge, family court division.

Sec. 15. Minnesota Statutes 1976, Section 484.65, Subdivision 6, is amended to read:

Subd. 6. Vacancies in the office of district court judge, family court division, shall be filled in the manner prescribed by law for the filling of vacancies in the office of other judges of the district court. A person appointed to fill a vacancy in the office of district court judge, family court division shall serve in that office for the unexpired portion of the term during which the vacancy occurred, but may not be appointed to serve as district court judge, family division during the next consecutive term.

Sec. 16. Minnesota Statutes 1976, Section 484.66, is amended to read:

484.66 [DISTRICT ADMINISTRATOR; FOURTH JUDI-

CIAL DISTRICT.] Subdivision 1. In the county of Hennepin, the district court administrator shall assume the statutory duties of the clerk of district court.

Subd. 2. The duties, functions and responsibilities which have been heretofore and which may be hereafter required by statute or law to be performed by the clerk of district court shall be performed by the district court administrator, whose office is who shall be appointed by the district court judges of the fourth judicial district pursuant to section 17.

The district court administrator, subject to the approval of a majority of the judges of the district court, and a majority of the judges of the county municipal court in the fourth judicial district, shall have the authority to initiate and direct any reorganization, consolidation, reallocation or delegation of such duties, functions or responsibilities for the purpose of promoting efficiency in county government, and may make such other administrative changes as are deemed necessary for this purpose. Such reorganization, reallocation or delegation, or other administrative change or transfer shall not diminish, prohibit or avoid those specific duties required by statute or law to be performed by the clerk of district court.

Sec. 17. Minnesota Statutes 1976, Chapter 484, is amended by adding a section to read:

[484.67] [DISTRICT ADMINISTRATOR.] Subdivision 1. [APPOINTMENT.] By November 1, 1977, the chief judge of the judicial district in each judicial district shall appoint a single district administrator, subject to the approval of the supreme court, with the advice of the judges of the judicial district.

The district administrator shall serve at the pleasure of a majority of the judges of the judicial district.

Subd. 2. [STAFF.] The district administrator shall have such deputies, assistants and staff as the judges of the judicial district deem necessary to perform the duties of the office.

Subd. 3. [DUTIES.] The district administrator shall:

(a) Assist the chief judge in the performance of his administrative duties;

(b) Manage the administrative affairs of the courts of the judicial district;

(c) Supervise the clerks of court and other support personnel, except court reporters, who serve in the courts of the judicial district;

(d) Comply with the requests of the state court administrator for statistical or other information relating to the courts of the judicial district; and

(e) Perform any additional duties that are assigned to him by law or by the rules of court.

Subd. 4. The district administrator shall serve as secretary for meetings of the judges of the judicial district.

Subd. 5. The office budget of the district administrator shall be set by the chief judge of the judicial district and apportioned among the counties of the district.

Subd. 6. The salary of the district administrator shall be set by the state court administrator within the limits provided in section 15A.083, and shall be paid by the state. The salaries of the district administrators of the second and fourth judicial districts may be supplemented by the appropriate county board by an amount not to exceed \$10,000 per year.

Sec. 18. Minnesota Statutes 1976, Section 485.01, is amended to read:

485.01 [APPOINTMENT; BOND; DUTIES.] *There shall be elected in each county a clerk of the district court; who, for each county within the judicial district shall be appointed by a majority of the district court judges in the district, after consultation with the county court judges of the county court district affected. The clerk, before entering upon the duties of his office, shall give bond to the state, to be approved by the county board chief judge of the judicial district, in a penal sum of not less than \$1,000 nor more than \$10,000 conditioned for the faithful discharge of his official duties. In the second judicial district the amount of such bond shall be \$10,000 and in the fourth judicial district the amount of such bond shall be \$25,000, which The bond, with his oath of office, shall be filed for record with the county recorder. Such The clerk shall perform all duties assigned him by law and by the rules of the court. He shall not practice as an attorney in the court of which he is the clerk.*

Sec. 19. Minnesota Statutes 1976, Section 485.018, is amended by adding a subdivision to read:

Subd. 2a. Upon certification by the state court administrator that the clerk of district court has failed to perform any of the duties assigned to him by law or by rule of court, the county board shall withhold the salary of the clerk, and shall not pay the salary until receipt of notice from the state court administrator that the clerk has performed the duties assigned to him by law or by rule of court.

Nothing in this subdivision shall be construed to prohibit the judges of the district court from removing a clerk of district court from office.

Sec. 20. Minnesota Statutes 1976, Section 487.01, Subdivision 1, is amended to read:

487.01 [PROBATE AND COUNTY COURTS; PROVISIONS.]
Subdivision 1. *A probate court, which shall be a court of record having a seal, and, except in the counties of Hennepin and Ramsey shall also be a county court, is established in each county. The court shall be open for the transaction of business at the county seat at all reasonable hours. Hearings may be had at such times and*

places in the county as the court may deem advisable. The necessary and reasonable traveling expenses of judges, judicial officers, referees, reporters, clerks, and employees in attending hearings in places other than the county seat incident to their duties shall be paid by the county. *The county courts of the state shall be in continuous session and shall be deemed open at all times, except on legal holidays and Sundays.*

Sec. 21. Minnesota Statutes 1976, Section 487.01, Subdivision 3, is amended to read:

Subd. 3. The following combined probate and county court districts are established: Kittson, Roseau and Lake of the Woods; Marshall, Red Lake and Pennington; Norman, Clearwater and Mahnomen; Cass and Hubbard; Wadena and Todd; Mille Lacs and Kanabec; Wilkin, Big Stone and Traverse; Swift and Stevens; Pope, Grant and Douglas; Lac qui Parle, Yellow Medicine and Chippewa; Lincoln and Lyon; Murray and Pipestone; Jackson and Gottenwood; Rock and Nobles; Dodge and Olmsted; Lake and Cook; Aitkin and Carlton; Sibley, Meeker and McLeod; Martin, Watonwan and Faribault; Houston and Fillmore; Nicollet and Le Sueur; Winona and Wabasha; Pine, Isanti and Chisago; Sherburne, Benton and Stearns. *Notwithstanding the provisions of this paragraph the separation of combined county court districts by concurrent action of county boards before April 23, 1977, shall continue to be in effect unless the districts are combined pursuant to subdivision 6.*

A combined county court district may be separated into single county courts by the concurrence of the county boards of the respective counties affected supreme court. Vacancies in the office of judge created by such a separation shall be filled in the manner herein provided for the selection of other county court judges.

The single county court districts so created by such separation shall each be entitled to one judge, subject to the provisions of subdivision 5, clause (5), provided, however, that if the number of judges of the combined county court district exceeds the number of counties, then, upon separation into single county court districts, the county having the largest population determined by the last United States census shall be entitled to two judges and in the event there are more judges than counties remaining, the county having the next largest population determined by the last United States census shall also be entitled to two judges.

In each other county except Hennepin and Ramsey, the probate court of the single county is also the county court of the county and shall be governed by the provisions of sections 487.01 to 487.39.

Sec. 22. Minnesota Statutes 1976, Section 487.01, Subdivision 5, as amended by Laws 1977, Chapter 35, Section 14, is amended to read:

Subd. 5. Each county court district shall elect one county court judge except:

(1) The district consisting of St. Louis county shall elect six

judges; two of the county court judges shall reside and serve in and be elected at large by the voters of St. Louis county; two of the county court judges shall reside and serve in and be elected by the voters in that part of St. Louis county south of the following described line: South of the south line of township 55; the area to be known as the south district; one county court judge shall reside and serve in and be elected by the voters of an area to be known as the northwest district, which area lies within the following described lines in St. Louis county: North of the south line of township 55 and west of the west line of range 18 and excluding that part of Portage township west of the west line of range 18; and one county court judge shall reside and serve in and be elected by the voters of an area to be known as the northeast district, which area lies within the following described lines in St. Louis county: North of the south line of township 55 and east of the west line of range 18 and including that part of Portage township west of the west line of range 18.

(2) The district consisting of Dakota county, the district consisting of Anoka county and the district consisting of Stearns, Sherburne and Benton shall each elect five judges;

(3) The district consisting of Olmsted and Dodge counties, the district consisting of Winona and Wabasha counties and the district consisting of Washington county following districts shall each elect three judges ; :

Olmsted and Dodge counties,

Washington county,

Blue Earth county,

Pine, Isanti and Chisago counties;

(4) The district consisting of Blue Earth county, the district consisting of Clay county, the district consisting of Sibley, Meeker and McLeod counties, the district consisting of Martin, Watonwan and Faribault counties and the district consisting of Pine, Chisago and Isanti counties following districts shall each elect two county court judges ; :

Clay county,

Carver county,

Cass and Hubbard counties,

Crow Wing county,

Douglas and Grant counties,

Freeborn county,

Marshall county,

Red Lake and Pennington counties,

Mower county,

Otter Tail county,

Rice county,
Scott county,
Winona county,
Wright county,
Kandiyohi county.

(5) The number of judges to be elected may be increased by the county board of the affected county or by the concurrence of the county boards of those affected counties combined into districts; provided that no new judge positions authorized pursuant to this section may be created without specific statutory authorization. *Notwithstanding the other provisions of this subdivision, county judge positions created by county board action prior to April 23, 1977, shall be continued unless terminated pursuant to subdivision 6.*

Sec. 23. Minnesota Statutes 1976, Section 487.01, Subdivision 6, is amended to read:

Subd. 6. For the more effective administration of justice, *the supreme court may combine two or more county court districts may combine their respective county court districts into a single county court district by concurrence of the county boards of the respective counties affected. If districts are combined, the office of a judge may be terminated at the expiration of his term and he shall be eligible for retirement compensation under the provisions of section 487.06 sections 490.121 to 490.132. If the office of a judge who has not qualified for retirement compensation is terminated he shall upon attaining age 62 or more, be entitled to an annuity or proportionate annuity as computed under the provisions of sections 490.121 to 490.132 based upon his years of service as a judge. A judge whose office is terminated shall continue to receive the insurance coverage provided for a judge of the office but shall pay the premiums himself.*

Sec. 24. Minnesota Statutes 1976, Section 487.02, Subdivision 1, as amended by Laws 1977, Chapter 35, Section 15, is amended to read:

487.02 [PAYMENT OF EXPENSES.] Subdivision 1. The salary and traveling expenses of a judge of the county court shall be paid by the state in the amount prescribed by section 15A.083. Expenses shall be paid *by the state* in the same manner and amount as provided for judges of the district court in section 484.54.

Sec. 25. Minnesota Statutes 1976, Section 487.08, is amended to read:

487.08 [JUDICIAL OFFICERS ABOLISHED.] *When the judicial business of a county court requires, the county court may appoint one or more full or part time judicial officers who shall be learned in the law and whose salary shall be fixed by the county court, with the approval of the county board or boards of the counties of the district, and paid by the county. They shall serve at the*

pleasure of the county court. They shall hear and try such matters as shall be assigned to them by the county court judge. Before entering upon the duties of office each judicial officer shall take and subscribe an oath, in the form provided by law for judicial officers, and a certified copy of the oath shall be filed in the office of each of the county auditors within the county court district. *The office of judicial officer is abolished.*

Sec. 26. Minnesota Statutes 1976, Section 487.25, Subdivision 6, is amended to read:

Subd. 6. [TRIALS BY JURY; ORDINANCES.] In a trial upon a charge of a violation of any municipal ordinance, charter provision, rule or regulation, the defendant shall have a right to a trial by jury. *In any prosecution brought in a county court or a county municipal court in which conviction of the defendant for the offense charged could result in imprisonment, the defendant has the right to a jury trial.*

Sec. 27. Minnesota Statutes 1976, Section 487.35, Subdivision 1, is amended to read:

487.35 [JUSTICES OF THE PEACE.] Subdivision 1. [ABOLISHED.] On the date Laws 1971, Chapter 951 becomes effective in a county court district The office of justice of the peace is abolished within every municipality in which the county court holds regular sessions or establishes an ordinance and traffic violations bureau. For purposes of this subdivision, the term municipality includes any township, part of which is within the boundaries of an affected municipality.

Sec. 28. Minnesota Statutes 1976, Section 487.39, is amended to read:

487.39 [APPEALS.] Subdivision 1. An aggrieved party may appeal to a the district court judge from a determination of a county court or a county municipal court. The provisions of this section govern all appeals from the county court and the county municipal court; appeal provisions of all other statutes are inapplicable except as stated in subdivision 3 Minnesota Statutes, Section 484.63.

(a) Except as provided in clause (b), the appeal in a civil case shall be taken by filing written notice thereof with the clerk of court of the county in which the action was heard not more than 30 days after written notice of the court's determination has been served upon the aggrieved party or his attorney, or in any event within three months after the determination in a civil case.

(b) In the appeal of petty misdemeanor, ordinance or criminal cases the written notice of appeal shall be filed with the clerk of court of the county in which the action was heard within ten days of the conviction or other determination, and sentencing thereon, appealed from.

(c) A written notice of appeal shall be served by the appellant upon all parties to the original proceedings or their attorneys not more than five days after filing a written notice of appeal and

proof of such service shall be filed with the clerk of county court or county municipal court in the county in which the action was heard not more than three days after the service of such notice on the opposite party or his attorney. The appeal shall be heard and determined by a district court judge *appellate panel pursuant to section 484.63*.

Subd. 2. The appeal shall be confined to the typewritten record. By stipulation of all parties, the record may be shortened. The district court judge shall, upon request, hear oral argument and receive written briefs. The district court judge may affirm, reverse or modify the judgment or order appealed from, or take any other action as the interests of justice may require. On appeal from an order, the district court judge may review any order affecting the order from which the appeal is taken and an appeal from a judgment may review any order involving the merits or affecting the judgment. The supreme court shall formulate rules of appellate procedure applicable to a district court judge *panel* hearing appeals from a county court or county municipal court. Until otherwise provided, the rules of appellate procedure applicable to appeals to the supreme court shall apply to a *the* district court judge hearing appeals from a county court or a county municipal court, except as provided in this section. An appeal may be taken from the determination of a district court judge to the supreme court with leave of the supreme court.

Subd. 3. Notwithstanding the provisions of subdivisions 1 and 2, an appeal from a determination of the county court in a case in which the presiding judge or judicial officer was not learned in the law shall be to the district court under the provisions of law now governing appeals from probate court and the case shall be heard de novo.

Sec. 29. Minnesota Statutes 1976, Section 488A.01, Subdivision 10, is amended to read:

Subd. 10. [CONTINUOUS TERMS.] The court shall be open every day, except Sundays and legal holidays. The court shall hold a general term for the trial of civil actions commencing on the first Monday following Labor Day of each year and continuing until the next general term, with such adjournments as the judges may determine to be necessary and proper *The term of the court shall be continuous.*

Sec. 30. Minnesota Statutes 1976, Section 488A.01, is amended by adding a subdivision to read:

Subd. 14. [APPEALS.] Appeals from the county municipal court to the district court shall be subject to the provisions of Minnesota Statutes, Sections 484.63 and 487.39.

Sec. 31. Minnesota Statutes 1976, Section 488A.021, Subdivision 8, as amended by Laws 1977, Chapter 35, Section 16, is amended to read:

Subd. 8. [SALARIES.] Each judge shall be paid by the state an annual salary in the amount prescribed by section 15A.083. If

a judge 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. Each judge shall be paid expenses *by the state* in the same manner and amount as provided for judges of the district court in section 484.54.

Sec. 32. Minnesota Statutes 1976, Section 488A.10, Subdivision 1, is amended to read:

488A.10 [PLEADING, PRACTICE, PROCEDURE, AND FORMS IN CRIMINAL PROCEEDINGS.] Subdivision 1. [GENERAL.] Save as otherwise provided in this ~~act~~ *chapter*, pleading, practice, procedure and forms in actions or proceedings charging violation of a criminal law or a municipal ordinance, charter provision, rule or regulation are governed by the statutes and common law rules which govern in a similar action or proceeding in the district court of Hennepin county (other than those applying peculiarly to felony or gross misdemeanor charges) or by statutes which govern in *county courts of justices of the peace in chapter 487* in the absence of statutes or common law rules governing in said district court.

Sec. 33. Minnesota Statutes 1976, Section 488A.10, Subdivision 6, is amended to read:

Subd. 6. [TRIALS BY JUDGE WITHOUT JURY.] A charge of a violation of any petty misdemeanor law of this state or municipal ordinance, charter provision, rule or regulation, shall be heard, tried and determined by a judge without a jury, and the defendant shall have no right to a jury trial on such a charge, except as required by section 160.03 or otherwise required by law. In the event of such trial without jury, there shall be a right of appeal as provided in ~~section 488.20~~ *In any prosecution brought in a county court or a county municipal court in which conviction of the defendant for the offense charged could result in imprisonment, the defendant has the right to a jury trial.*

Sec. 34. Minnesota Statutes 1976, Section 488A.111, is amended to read:

488A.111 [PAYMENT OF COURT EXPENSES.] All salaries of the judges of the municipal court of the county of Hennepin, court reporters, the clerk, deputy clerks and all other employees of ~~said the county municipal court of Hennepin county court~~, and all expenses of ~~said the court~~ shall be paid from the treasury of Hennepin county. The board of county commissioners of Hennepin county is authorized to levy taxes annually against each dollar of taxable property within the county as may be necessary for the establishment, operation and maintenance of the court.

Sec. 35. Minnesota Statutes 1976, Section 488A.12, Subdivision 5, is amended to read:

Subd. 5. [CONTINUOUS TERM.] The judges shall hold terms of court ~~from time to time as necessary~~ *continuously* to hear and dispose of all claims as promptly as feasible after filing.

Sec. 36. Minnesota Statutes 1976, Section 488A.18, Subdivision 11, is amended to read:

Subd. 11. [TERMS.] The court shall be open every day, in continuous session and deemed open at all times except Sundays and legal holidays. The court shall hold a general term for the trial of civil actions with such adjournments as the judges may determine to be necessary and proper.

Sec. 37. Minnesota Statutes 1976, Section 488A.18, is amended by adding a subdivision to read:

Subd. 14. [APPEALS.] Appeals from the county municipal court to the district court shall be subject to the provisions of Minnesota Statutes, Sections 484.63 and 487.39.

Sec. 38. Minnesota Statutes 1976, Section 488A.19, Subdivision 10, as amended by Laws 1977, Chapter 35, Section 17, is amended to read:

Subd. 10. [SALARIES.] Each judge shall be paid by the state an annual salary in the amount prescribed by section 15A.083. If a judge dies, the amount of his salary remaining unpaid for the month in which his death occurs shall be paid to his estate. Each judge shall be paid expenses by the state in the same manner and amount as provided for judges of the district court in section 484.54.

Sec. 39. Minnesota Statutes 1976, Section 488A.27, Subdivision 1, is amended to read:

488A.27 [PLEADING, PRACTICE, PROCEDURE, AND FORMS IN CRIMINAL PROCEEDINGS.] Subdivision 1. [GENERAL.] Save as otherwise provided in this act chapter , pleading, practice, procedure and forms in actions or proceedings charging violation of a statute, ordinance, charter provision, rule or regulation shall be governed by the statutes and common law rules which govern in a similar action or proceeding in the district court (other than those applying peculiarly to felony or gross misdemeanor charges) or by statutes which govern in county courts of justices of the peace in chapter 487 in the absence of statutes or common law rules governing in district court.

Sec. 40. Minnesota Statutes 1976, Section 488A.27, Subdivision 6, is amended to read:

Subd. 6. [TRIALS BY JUDGE WITHOUT JURY.] A charge of a violation of any petty misdemeanor law of this state, municipal ordinance, charter provision, rule or regulation, other than a violation dealing with driving while under the influence of an alcoholic beverage or narcotic drug, speeding that is a third or further offense occurring in one year, or careless or reckless driving where a personal injury is involved, shall be heard, tried and determined by a judge without a jury and the defendant shall have no right to a jury trial on such a charge, except as required by section 169.03 or as otherwise required by law. In the event of such trial without jury, there shall be a right of appeal as provided in section 488.20, and provided further that where there has been a conviction in a trial

without jury as provided above, the commissioner of transportation shall not by reason thereof revoke or suspend the defendant's driver's license *In any prosecution brought in a county court or a county municipal court in which conviction of the defendant for the offense charged could result in imprisonment, the defendant has the right to a jury trial.*

Sec. 41. Minnesota Statutes 1976, Section 488A.281, is amended to read:

488A.281 [PAYMENT OF COURT EXPENSES.] All salaries of the judges of the municipal court of the county of Ramsey, court reporters, the court administrator, and all other employees of said the county municipal court of Ramsey county court, and all expenses of said the court shall be paid from the treasury of Ramsey county in biweekly installments. The board of county commissioners of Ramsey county is authorized to levy taxes annually against each dollar of taxable property within the county as may be necessary for the establishment, operation and maintenance of the court. *Such The* tax is not subject to any limitation on taxing power contained in any other law or charter provision and is in addition to any other tax levied by *such that* body.

Sec. 42. Minnesota Statutes 1976, Section 488A.29, Subdivision 5, is amended to read:

Subd. 5. [TERMS OF COURT.] The judges shall hold terms of court from time to time as necessary *continuously* to hear and dispose of all claims as promptly as feasible after filing.

Sec. 43. Minnesota Statutes 1976, Section 525.04, is amended to read:

525.04 [JUDGE; ELECTION, QUALIFICATIONS, BOND.] There shall be elected in each county a *Hennepin county and Ramsey county* probate judge judges who shall be learned in the law, except that probate judges now in office shall be considered learned in the law insofar as being eligible to continue in office and to be re-elected to same. Before he a judge enters upon the duties of his office he shall execute a bond to the state in the amount of \$1,000, approved by the county board and conditioned upon the faithful discharge of his duties. *Such The* bond with his oath shall be recorded in the office of the county recorder. The premiums on *such the* bond and the expenses of *such the* recording and filing shall be paid by the county. An action may be maintained on *such the* bond by any person aggrieved by the violation of the conditions thereof.

Sec. 44. Minnesota Statutes 1976, Section 525.081, Subdivision 7, is amended to read:

Subd. 7. No judge of the probate court in any county having a population of 25,000 or more, shall practice as an attorney or counselor at law, nor shall he be a partner of any practicing attorney in the business of his profession, nor shall he serve as an appraiser in any estate proceeding.

Sec. 45. [CHIEF JUDGE.] Subdivision 1. By July 1, 1977, the judges of the district, county, county municipal and probate

courts resident in each of the judicial districts shall meet and elect from among their number a single chief judge and an assistant chief judge. The chief judge and the assistant chief judge shall serve a term of two years beginning July 1 of the year in which they are elected. No judge may serve as chief judge or assistant chief judge for more than two consecutive two-year terms.

The seniority of judges and rotation of the position of chief judge or assistant chief judge shall not be criteria for the election of the chief judge or the assistant chief judge.

A chief judge or assistant chief judge may be removed for cause as chief judge or assistant chief judge by the chief justice of the supreme court, or by a majority of the judges of the judicial district.

Subd. 2. [LIMITATION.] Every chief judge elected prior to July 1, 1981, shall be a judge of the district court. A chief judge elected on or after July 1, 1981 may be a judge of the district, county, county municipal or probate court.

Subd. 3. [ADMINISTRATIVE AUTHORITY.] In each judicial district, the chief judge, subject to the authority of the chief justice, shall exercise general administrative authority over the courts within the judicial district. The chief judge shall make assignments of judges to serve on the courts within the judicial district, and assignments may be made without the consent of the judges affected. The chief judge may assign any judge of any court within the judicial district to hear any matter in any court of the judicial district. When a judge of a court is assigned to another court he is vested with the powers of a judge of the court to which he is assigned. A judge may not be assigned to hear matters outside his judicial district pursuant to this subdivision.

Subd. 4. [SEMI-ANNUAL MEETINGS; JUDICIAL CONFERENCE AGENDA.] The chief judges shall meet at least semi-annually to consider problems relating to judicial business and administration. After consultation with the judges of their respective districts the chief judges shall prepare in conference and submit to the chief justice of the supreme court a suggested agenda for the judicial conference held pursuant to section 480.18.

Subd. 5. [JUDGES' MEETINGS.] The chief judge shall convene a conference at least semi-annually of all judges of the judicial district to consider administrative matters and rules of court and to provide advice and counsel to the chief judge.

Sec. 46. Minnesota Statutes 1976, Section 15A.083, as amended by Laws 1977, Chapter 35, Section 13, 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:

- | | |
|--|----------|
| (1) Chief justice of the supreme court | \$52,000 |
| (2) Associate justice of the supreme court | 49,000 |

- (3) District judge, judge of county court (learned in the law), probate court and county municipal court 40,000
42,000
- (4) Judge of a county court (not learned in the law) 27,000

Subd. 2. [COUNTY COURT AND COUNTY MUNICIPAL JUDGES.] (1) 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, St. Louis, Carver and Dakota. \$40,000 \$42,000.

(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.

Subd. 3. Beginning January 1, 1978, the entire compensation of county, probate and county municipal court judges shall be paid by the state. Beginning on July 1, 1977, the salary increases provided in this act Laws 1977, Chapter 35, Section 13, and this act for county, probate and county municipal judges shall be paid by the state. All payments made pursuant to sections 490.11 and 490.12, subdivision 1, after January 1, 1978, shall be made by the state regardless of whether the payments commenced before or commence after the effective date of this act July 1, 1977.

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

Subd. 3 4. [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	\$35,000
State court administrator	27,400 35,000 37,400
District administrator	25,000—35,000
County attorneys	
council executive	
director	20,400—29,700

Subd. 4. [TAX COURT OF APPEALS.] Salaries of judges of the tax court of appeals \$15,000

Subd. 5. [REFEREE SALARIES.] Notwithstanding any other law or ordinance to the contrary, no referee or hearing examiner employed by a court in this state shall receive a salary which is in

excess of 90 percent of the salary paid a judge of the court by which he is employed.

Sec. 47. [APPROPRIATION.] *Subdivision 1. There is hereby appropriated from the general fund to the commissioner of finance for the biennium beginning July 1, 1977, the sum of \$300,000 for the purpose of paying the salaries of district administrators.*

Subd. 2. There is hereby appropriated from the general fund to the commissioner of finance for the biennium beginning July 1, 1977, the sum of \$1,350,000 for the purposes of paying the compensation increases, reimbursing the expenses, and making other payments to or on behalf of judges which are authorized by this act.

Sec. 48. [REFEREES ABOLISHED.] *Notwithstanding any other provision of law, the position of referee in the county municipal and district courts of the state is hereby abolished.*

Sec. 49. [REPEALER.] *Minnesota Statutes 1976, Sections 15A.083, Subdivision 2; 484.05; 484.09; 484.10; 484.11; 484.12; 484.13; 484.14; 484.15; 484.16; 484.17; 484.18; 484.28; 484.29; 484.34; 484.47; 485.02; 487.03, Subdivision 4; 487.05; 487.10, Subdivision 6; 487.35, Subdivisions 2, 3, 4, 5 and 6; 487.39, Subdivisions 3; 487.41; 488A.01, Subdivision 11; 488A.021, Subdivisions 7 and 8; 488A.18, Subdivision 12; 488A.19, Subdivisions 8, 9 and 10; 490.124, Subdivision 7; 525.081, Subdivisions 1, 2, 3, 4, 5, 6, 8 and 9; and Chapters 488; 530; 531; 532; 633 and Extra Session Laws 1971, Chapter 42, are repealed.*

Sec. 50. [EFFECTIVE DATE.] *Subdivision 1. Sections 25 and 48 are effective July 31, 1978.*

Subd. 2. Section 45 is effective the day following final enactment.

Subd. 3. The remainder of this act is effective July 1, 1977.

Subd. 4. On July 1, 1977, a person elected to the office of district court judge, family court division, pursuant to Minnesota Statutes 1976, Section 484.65, Subdivision 1, shall no longer be designated as the district court judge, family court division, but he shall serve as a district court judge for the term of office for which he was elected, and shall be assigned the regular or ordinary duties of a judge of district court."

Further, strike the title and insert:

"A bill for an act relating to courts; providing for the selection of chief judges; permitting the assignment of judges to serve in other judicial districts, prescribing duties of the chief justice; providing for the rotation of the duties of family court in Hennepin county; prescribing duties of the supreme court administrator; providing continuous terms of court; providing for the payment of judges' salaries and expenses; abolishing de novo jurisdiction of district courts when hearing appeals; creating the office of district administrator; prescribing the duties and salary of the district administrator; abolishing the offices of justice of the peace, judicial officers and referees; providing for appellate panels in district

court; appropriating money; amending Minnesota Statutes 1976, Sections 2.722; 2.724; 15A.083, as amended; 43.43, Subdivision 2; 43.47, Subdivisions 6; 271.01, Subdivision 1; 480.15, by adding subdivisions; 480.17; 480.18; 484.08; 484.54; 484.62; 484.63; 484.65, Subdivisions 1 and 6; 484.66; 485.01; 485.018; 487.01, Subdivisions 1, 3, 5, as amended, and 6; 487.02, Subdivision 1, as amended; 487.08; 487.25, Subdivision 6; 487.35, Subdivision 1; 487.39; 488A.01, Subdivision 10, and by adding a subdivision; 488A.021, Subdivision 8, as amended; 488A.10, Subdivisions 1 and 6; 488A.111; 488A.12, Subdivision 5; 488A.18, Subdivision 11, and by adding a subdivision; 488A.19, Subdivision 10, as amended; 488A.27, Subdivisions 1 and 6; 488A.281; 488A.29, Subdivision 5; 524.04; and 525.081, Subdivision 7; Chapters 480, by adding a section; 484, by adding a section; repealing Minnesota Statutes 1976, Sections 15A.083, Subdivision 2; 484.05; 484.09; 484.10; 484.11; 484.12; 484.13; 484.14; 484.15; 484.16; 484.17; 484.18; 484.28; 484.29; 484.47; 485.02; 487.03, Subdivision 4; 487.05; 487.10, Subdivision 6; 487.35, Subdivisions 2, 3, 4, 5 and 6; 487.39, Subdivision 3; 487.41; 488.01, Subdivision 11; 488.021, Subdivisions 7 and 8; 488A.18, Subdivision 12; 488A.19, Subdivisions 8, 9 and 10; 490.124, Subdivision 7; 525.081, Subdivisions 1, 2, 3, 4, 5, 6, 8 and 9; and Chapters 488; 530; 531; 532; 633; and Extra Session Laws 1971, Chapter 42."

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

Senate Conferees: (Signed) Robert J. Tennesen, Neil Dieterich, Jack Davies

House Conferees: (Signed) Gordon O. Voss, Harry Sieben, Jr., David J. Beauchamp

Mr. Tennesen moved that the foregoing recommendations and Conference Committee Report on S. F. No. 311 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. 311: A bill for an act relating to courts; providing for the selection of chief judges; permitting the assignment of judges to serve in other judicial districts; prescribing duties of the chief justice; providing for the rotation of the duties of family court in Hennepin county; providing for the rotation of the duties of juvenile court in Hennepin and Ramsey counties; prescribing duties of the supreme court administrator; providing continuous terms of court; providing for the payment of judges' salaries and expenses; abolishing de novo jurisdiction of district courts when hearing appeals; creating the office of district administrator; abolishing the office of justice of the peace; providing for appellate panels in district court; providing for the compensation of certain judges upon compliance with certain provisions of the law; amending Minnesota Statutes 1976, Sections 2.724; 260.021, Subdivisions 2 and 3; 480.15, by adding subdivisions; 480.17; 480.18; 484.08; 484.34; 484.54; 484.62; 484.63; 484.65, Subdivisions 1 and 6; 484.66; 485.01; 485.018, by adding a subdivision; 487.01, Subdivisions 1, 3, 5 and 6; 487.02, Subdivision 1;

487.08; 487.25, Subdivision 6; 487.35, Subdivision 1; 487.39; 488.20; 488A.01, Subdivision 10 and by adding a subdivision; 488A.021, Subdivision 8; 488A.10, Subdivisions 1 and 6; 488A.111; 488A.12, Subdivision 5; 488A.18, Subdivision 11 and by adding a subdivision; 488A.19, Subdivision 10; 488A.27, Subdivisions 1 and 6; 488A.281; 488A.29, Subdivision 5; and 525.081, Subdivision 7; Chapters 480, by adding a section; 484, by adding a section; 487, by adding a section; and Laws 1977, Chapter 35, Section 18; repealing Minnesota Statutes 1976, Sections 484.05; 484.09; 484.10; 484.11; 484.12; 484.13; 484.14; 484.15; 484.16; 484.17; 484.18; 484.28; 484.29; 484.47; 485.02; 487.03, Subdivision 4; 487.10, Subdivision 6; 487.35, Subdivisions 2, 3, 4, 5 and 6; 487.39, Subdivision 3; 487.41; 488A.01, Subdivision 11; 488A.021, Subdivision 7; 488A.18, Subdivision 12; 488A.19, Subdivisions 8 and 9; 490.124, Subdivision 7; and Chapters 530; 531; 532; and 633.

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

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

The roll was called, and there were yeas 51 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Kleinbaum	Olson	Staples
Ashbach	Engler	Knoll	Perpich	Stokowski
Bang	Frederick	Knutson	Peterson	Stumpf
Benedict	Gearty	Laufenburger	Pillsbury	Tennessen
Bernhagen	Gunderson	Luther	Renneke	Ulland, J.
Borden	Hanson	Menning	Schmitz	Vega
Brataas	Hughes	Merriam	Schrom	Wegener
Chmielewski	Humphrey	Moe	Sikorski	
Coleman	Johnson	Nelson	Sillers	
Davies	Keefe, J.	Ogdahl	Solon	
Dieterich	Keefe, S.	Olhoft	Spear	

Those who voted in the negative were:

Lessard	Penny	Purfeerst	Strand	Willet
Nichols				

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

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 411 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 411

A bill for an act relating to peace officers; providing for training and licensing of all peace officers in the state; renaming the peace officer training board; giving the board additional responsibilities; amending Minnesota Statutes 1976, Sections 214.01, Subdivision 3; 626.841; 626.842; 626.843, Subdivision 1; 626.845; 626.846, Subdivision 1 and by adding subdivisions; 626.848; 626.

85, Subdivision 1; 626.851, Subdivision 2; 626.854; Chapter 626, by adding a section; repealing Minnesota Statutes 1976, Sections 626.843, Subdivision 4; 626.844; 626.846, Subdivision 2; 626.847; and 626.853.

May 23, 1977

The Honorable Edward J. Gearty
President of the Senate

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

We, the undersigned conferees for S. F. No. 411 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate accede to the House amendment and that S. F. No. 411, the House unofficial engrossment, be further amended as follows:

Page 2, line 10, after "following" insert "*11 members*"

Page 3, line 6, delete "; and" and insert a period

Page 3, line 7, delete "(f)", delete ", to" and insert "*shall*"

Page 4, line 15, after "*complaints;*" insert "*the setting of fees;*"

Page 5, line 9, after "recruitment" insert "*and licensing*"

Page 5, line 10, strike "nonelective"

Page 8, line 20, strike "certify" and insert "*license*"

Page 8, line 21, after "completed" insert "*certified*"

Page 9, after line 14, insert

"Sec. 8. Minnesota Statutes 1976, Section 626.846, is amended to read:

626.846 [ATTENDANCE, FORFEITURE OF POSITION.]
Subdivision 1. Notwithstanding any general or local law or charter to the contrary, any peace officer employed or elected on or after July 1, 1967 1978, by any state, county, municipality or joint or contractual combination thereof of the state of Minnesota with a population of more than 1,000 according to the last federal census shall attend a peace officers training course within 12 months of his appointment not be eligible for permanent appointment without being licensed by the board pursuant to rules promulgated under section 626.843, except as provided in section 626.853.

Subd. 2. Every peace officer who shall be appointed by any state, county, municipality or joint or contractual combination thereof of the state of Minnesota with a population of more than 1,000 according to the last federal census, on a temporary basis or for a probationary term, shall forfeit his position unless he has satisfactorily completed, within the time prescribed by the rules and regulations promulgated been licensed by the board pursuant to sections 626.841 to 626.854, an approved peace officer training

program 626.853, except as provided in section 626.853. Any other peace officer employed or elected by any state, county, municipality or joint or contractual combination thereof, may attend peace officer training courses and be licensed by the board subject to the rules and regulations promulgated pursuant to sections 626.841 to 626.854 section 626.843.

Subd. 3. A peace officer who has received a permanent appointment prior to July 1, 1978, shall be licensed by the board if the officer has met the requirements of sections 626.841 to 626.853 in effect on June 30, 1977 and if the officer has requested licensing by the board. An elected or appointed town constable who takes office on or after July 1, 1978, if his duties are substantially similar to those of a peace officer as determined by the board, shall be licensed by the board in respect to his term of office as if he has met the licensing requirements of the board."

Page 12, after line 1, insert

"Sec. 14. Minnesota Statutes 1976, Section 214.01, Subdivision 3, is amended to read:

Subd. 3. "Non-health related licensing board" means the board of teaching established pursuant to section 125.183, the board of barber examiners established pursuant to section 154.22, the board of cosmetology examiners established pursuant to section 155.04, the board of assessors established pursuant to section 270.41, the board of architecture, engineering and land surveying established pursuant to section 326.04, the board of accountancy established pursuant to section 326.17, the board of electricity established pursuant to section 326.241, the private detective and protective agent licensing board established pursuant to section 326.541, the board of boxing established pursuant to section 326.33, the board of examiners in watchmaking established pursuant to section 326.541, the board of boxing established pursuant to section 341.02, and the board of abstractors established pursuant to section 386.63, and the peace officer standards and training board established pursuant to section 626.841."

Page 12, line 9, delete "\$10,000" and insert "\$90,000"

Renumber the sections in sequence

Further, amend the title in line 6 after "Sections" by inserting "214.01, Subdivision 3;" and in line 8, after "626.845;" by inserting "626.846;"

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

Senate Conferees: (Signed) Bill McCutcheon, Gerry Sikorski, Robert G. Dunn

House Conferees: (Signed) Harry Sieben, Jr., Neil S. Haugerud, Donald M. Moe

Mr. Sikorski, for Mr. McCutcheon, moved that the foregoing recommendations and Conference Committee Report on S. F. No. 411 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. 411: A bill for an act relating to peace officers; providing for training and licensing of all peace officers in the state; renaming the peace officer training board; giving the board additional responsibilities; amending Minnesota Statutes 1976, Sections 214.01, Subdivision 3; 626.841; 626.842; 626.843, Subdivision 1; 626.845; 626.846, Subdivision 1 and by adding subdivisions; 626.848; 626.85, Subdivision 1; 626.851, Subdivision 2; 626.854; Chapter 626, by adding a section; repealing Minnesota Statutes 1976, Sections 626.843, Subdivision 4; 626.844; 626.846, Subdivision 2; 626.847; and 626.853.

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

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

The roll was called, and there were yeas 49 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Lessard	Olson	Spear
Ashbach	Gearty	Lewis	Penny	Staples
Bang	Gunderson	Luther	Perpich	Stokowski
Benedict	Hanson	Menning	Pillsbury	Strand
Bernhagen	Humphrey	Merriam	Purfeerst	Stumpf
Borden	Johnson	Moe	Schmitz	Ulland, J.
Coleman	Keefe, S.	Nelson	Setzepfandt	Vega
Davies	Kleinbaum	Nichols	Sikorski	Wegener
Dieterich	Knoll	Ogdahl	Sillers	Willet
Dunn	Laufenburger	Olhoff	Solon	

Messrs. Chmielewski, Renneke and Schrom voted in the negative.

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 has adopted the recommendation and report of the Conference Committee on House File No. 522 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 522: A bill for an act relating to energy; extending the application of the state building code to all cities and counties; clarifying state agency rulemaking regarding the building code subject matter; extending and clarifying the expiration of the Minnesota energy agency; requiring promulgation of certain energy conservation standards; revising certain requirements; requiring certain efficiencies for air conditioners; prohibiting

certain open flame pilot lights; appropriating money; amending Minnesota Statutes 1976, Sections 16.84; 16.851; 16.86, Subdivision 4; 16.861, Subdivision 4; 116H.02, Subdivision 5; 116H.07, Subdivision 1, and by adding a subdivision; 116H.12, Subdivisions 5 and 10, and by adding subdivisions; 116H.121; 116H.124; 116H.126; 116H.13, Subdivision 4; 126.111; and Chapter 116H, by adding sections; repealing Laws 1974, Chapter 307, Section 19.

House File No. 522 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 23, 1977

CONFERENCE COMMITTEE REPORT ON H. F. NO. 522

A bill for an act relating to energy; extending the application of the state building code to all cities and counties; clarifying state agency rulemaking regarding the building code subject matter; extending and clarifying the expiration of the Minnesota energy agency; requiring promulgation of certain energy conservation standards; revising certain requirements; requiring certain efficiencies for air conditioners; prohibiting certain open flame pilot lights; appropriating money; amending Minnesota Statutes 1976, Sections 16.84; 16.851; 16.86, Subdivision 4; 16.861, Subdivision 4; 116H.02, Subdivision 5; 116H.07, Subdivision 1, and by adding a subdivision; 116H.12, Subdivisions 5 and 10, and by adding subdivisions; 116H.121; 116H.124; 116H.126; 116H.13, Subdivision 4; 126.111; and Chapter 116H, by adding sections; repealing Laws 1974, Chapter 307, Section 19.

May 21, 1977

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

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 522, 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. 522 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1976, Section 16.84, is amended to read:

16.84 [DEFINITIONS, STATE BUILDING CODE.] Subdivision 1. For the purposes of Laws 1971, Chapter 561 sections 16.83 to 16.867, the terms defined in this section have the meanings given them.

Subd. 2. "Commissioner" means the commissioner of administration.

Subd. 2a. "City" means a home rule charter or statutory city.

Subd. 3. "Municipality" means any city, county, town acting through its town board or other instrumentality of state government otherwise authorized by law to enact a building code which, as of May 27, 1971, has such a building code or which subsequently enacts a building code or town meeting the requirements of Minnesota Statutes, Section 368.01, Subdivision 1, or the University of Minnesota.

Subd. 4. "Code" means the state building code or any amendment thereof promulgated by the commissioner in accordance with the terms of Laws 1971, Chapter 561 sections 16.83 to 16.867.

Subd. 5. "Committee" means the state building code standards committee established pursuant to Laws 1971, Chapter 561 sections 16.83 to 16.867.

Subd. 6. "Agricultural building" means a structure on agricultural land as defined in section 273.13, subdivision 6, designed, constructed and used to house farm implements, livestock or agricultural produce or products used by the owner, lessee and sublessee of the building and members of their immediate families, their employees, and persons engaged in the pickup or delivery of agricultural produce or products.

Sec. 2. Minnesota Statutes 1976, Section 16.851, is amended to read:

16.851 [STATE BUILDING CODE; APPLICATION.] Subdivision 1. Effective July 1, 1972, The state building code shall apply state-wide and supersede and take the place of the building code of any municipality. Specifically, the code shall apply to any municipality which as of the effective date of this act has a building code and shall further apply to any municipality which chooses to adopt a building code thereafter. Said building code shall not apply to farm dwellings and buildings, except with respect to other state inspections required or other rulemaking authorized by Minnesota Statutes 1971, Section 104.05 as of the effective date of this act. The state building code shall not apply to agricultural buildings except with respect to state inspections required or rulemaking authorized by sections 104.05, 326.244 and 116H.12, subdivision 4. Effective July 1, 1977, or as soon thereafter as possible, but in no event later than July 1, 1978, all municipalities shall adopt and enforce the state building code with respect to new construction within their respective jurisdictions. If a city has adopted or is enforcing the state building code on the effective date of this act, or determines by ordinance thereafter to undertake enforcement, it shall be charged with enforcement of the code within the city. A city may by ordinance extend the enforcement of the code to contiguous unincorporated territory not more than two miles distant from its corporate limits in any direction; provided that where two or more non-contiguous cities which have elected to enforce the code have boundaries less than four miles apart, each is authorized to enforce the code on its side of a line equidistant between them. Once enforcement authority is extended extraterritorially by ordinance, the authority may continue to be exercised in the designated ter-

ritory even though another city less than four miles distant later elects to enforce the code. Any city may thereafter enforce the code in the designated area to the same extent as if such property were situated within its corporate limits. A city which, on the effective date of this act, has not adopted the code may not commence enforcement of the code within or outside of its jurisdiction until it has provided written notice to the commissioner, the county auditor, and the town clerk of each town in which it intends to enforce the code. A public hearing on the proposed enforcement must be held not less than 30 days after the notice has been provided. Enforcement of the code by the city will commence on the first day of January in the year following the notice and hearing. Municipalities may provide for the issuance of permits, inspection and enforcement within their jurisdictions by such means as may be convenient, and lawful, including by means of contracts with other municipalities pursuant to section 471.59, and with qualified individuals. In areas outside of the enforcement authority of a city, the fee charged for the issuance of permits and inspections for single family dwellings may not exceed the greater of \$100 or .005 times the value of the structure, addition or alteration. The other municipalities or qualified individuals may be reimbursed by retention or remission of some or all of the building permit fee collected or by other means. In areas of the state where inspection and enforcement is unavailable from qualified employees of municipalities, it shall be the responsibility of the commissioner to train and designate individuals available to carry out inspection and enforcement on a fee basis.

Subd. 2. If the commissioner determines that a municipality is not properly administering and enforcing the state building code as provided in section 16.867, the commissioner may cause administration and enforcement in the involved municipality to be undertaken by the state building inspector. The commissioner shall notify the affected municipality in writing immediately upon making the determination, and the municipality may challenge the determination as a contested case before the commissioner pursuant to the administrative procedure act. In municipalities not properly administering and enforcing the state building code, and municipalities who determine not to administer and enforce the state building code, the commissioner shall cause administration and enforcement in the involved municipality to be undertaken by the state building inspector or other inspector certified by the state. The commissioner shall determine appropriate fees to be charged for the administration and enforcement service rendered. Any cost to the state arising from the state administration and enforcement of the state building code shall be borne by the subject municipality.

Sec. 3. Minnesota Statutes 1976, Section 16.86, Subdivision 4, is amended to read:

Subd. 4. The commissioner, notwithstanding any law to the contrary, shall hold all state hearings and make all determinations regarding any subject matter dealt with in the code including those

in which another department or agency proposes to *adopt or amend its rules and regulations which are incorporated by reference into the code or whenever the commissioner proposes to incorporate such regulations into the state building code. In no event shall a state agency or department subsequently authorized to adopt rules and regulations involving state building code subject matter proceed to adopt the rules and regulations without prior consultation with the commissioner.*

Sec. 4. Minnesota Statutes 1976, Section 16.861, Subdivision 4, is amended to read:

Subd. 4. [DUTIES.] Building officials shall, in the municipality for which they are appointed, attend to all aspects of code administration, including the issuance of all building permits and the inspection of all mobile home installations. The commissioner may direct a municipality having a building official to perform services for another municipality, and in such event the municipality being served shall pay the municipality rendering such services the reasonable costs thereof. Such costs may be subject to approval by the commissioner.

Sec. 5. Minnesota Statutes 1976, Section 16.866, Subdivision 1, is amended to read:

16.866 [SURCHARGE.] Subdivision 1. [COMPUTATION.] For the purpose of defraying the costs of administering the provisions of Laws 1971, Chapter 521 sections 16.83 to 16.867, there is hereby imposed a surcharge on all permits issued by municipalities in connection with the construction of or addition or alteration to, buildings and equipment or appurtenances, on and after July 1, 1971, as follows:

(a) Where the fee for the permit issued is fixed in amount the surcharge shall be equivalent to 1/2 mill (.0005) of such fee or 50 cents, whichever amount is greater. For all other permits, the surcharge shall be equivalent to 1/2 mill (.0005) of the valuation of the structure, addition or alteration. Provided however, that where the valuation of the structure, addition, or alteration is equal to or greater than \$1,000,000 but less than \$10,000,000, the surcharge shall be \$1,000, where said valuation is equal to or greater than \$10,000,000 but less than \$20,000,000 the surcharge shall be \$1,500 and where said valuation is equal to or greater than \$20,000,000 the surcharge shall be \$2,000.

By September 1 of each odd numbered year beginning in 1979, the commissioner shall rebate to municipalities any money received pursuant to this section and section 2 in the previous biennium in excess of the cost to the building code division in that biennium of carrying out their duties under sections 16.83 to 16.867. The rebate to each municipality shall be in proportion to the amount of the surcharges collected by that municipality and remitted to the state.

Sec. 6. [TEMPORARY PROVISION.] No later than November 1, 1977, the commissioner of administration shall submit to the legislature a report containing his findings and recommendations

on the method by which municipalities can best implement and finance enforcement of the state building code. In preparing the report the commissioner shall consult with representatives of municipalities and persons involved in the building industry. The report of the commissioner shall also recommend a method for financing operations of the building code division. If the commissioner determines that statutory amendments are necessary, he shall submit amendments in bill form to the legislature as part of the report required by this section.

Sec. 7. Minnesota Statutes 1976, Chapter 116H, is amended by adding a section to read:

[116H.001] [EXPIRATION.] *Sections 116H.03 to 116H.06 shall expire on June 30, 1983, unless renewed by the legislature. In the event that sections 116H.03 to 116H.06 are allowed to expire, the governor is hereby empowered to transfer the duties and responsibilities under chapter 116H to whatever agency or department or combination thereof which the governor deems appropriate.*

Sec. 8. Minnesota Statutes 1976, Section 116H.02, Subdivision 5, is amended to read:

Subd. 5. "Large energy facility" means :

(a) Any electric power generating plant or combination of plants at a single site with a combined capacity of 50,000 kilowatts or more, or any facility of 5,000 kilowatts or more which requires oil, natural gas, or natural gas liquids as a fuel and for which an installation permit has not been applied for by May 19, 1977 pursuant to Minn. Reg. APC 3(a);

(b) Any high voltage transmission line with a capacity of 200 kilovolts or more and having with more than 100 50 miles of its length in Minnesota ; ; or, any high voltage transmission line with a capacity of 300 kilowatts or more with more than 25 miles of its length in Minnesota;

(c) Any facility on a single site designed for or capable of storing more than one million gallons of crude petroleum or petroleum fuels or oil or their derivatives thereof , unless the facility would be at an existing petroleum storage site and would constitute an increase of less than 20 percent in the storage capacity at that site;

(d) Any pipeline greater than six inches in diameter and having more than 50 miles of its length in Minnesota used for the transportation of coal, crude petroleum or petroleum fuels or oil or their derivatives thereof ; ;

(e) Any pipeline for transporting natural or synthetic gas at pressures in excess of 200 pounds per square inch and having with more than 50 miles of its length in Minnesota ; ;

(f) Any facility designed for or capable of storing on a single site more than 100,000 gallons of liquified natural gas or synthetic gas ; ;

(g) Any underground gas storage facility requiring a permit pursuant to section 84.57 ; ;

(h) Any facility designed or capable of serving as a depot for coal transported into this state for use within the state or transshipment from the state and ;

(i) Any petroleum refinery , ;

(j) Any nuclear fuel processing or nuclear waste storage or disposal facility; and

(k) Any facility intended to convert coal *any material* into any other combustible fuel and having the capacity to process in excess of 25 tons of the material per hour.

Sec. 9. Minnesota Statutes 1976, Section 116H.07, Subdivision 1, is amended to read:

116H.07 [DUTIES.] Subdivision 1. It shall be the duty of The director ~~to shall~~ :

(a) Manage the agency as the central repository within the state government for the collection of data on energy;

(b) Prepare and adopt an emergency allocation plan specifying actions to be taken on the event of an impending serious shortage of energy, or a threat to public health, safety, or welfare;

(c) Undertake a continuing assessment of trends in the consumption of all forms of energy and analyze the social, economic, and environmental consequences of these trends;

(d) Carry out energy conservation measures as specified by the legislature and recommend to the governor and the legislature additional energy policies and conservation measures as required to meet the objectives of sections 116H.01 to 116H.15;

(e) Collect and analyze data relating to present and future demands and resources for all sources of energy, and specify energy needs for the state and various service areas as a basis for planning large energy facilities;

(f) Require certificate of need for construction of large energy facilities;

(g) Evaluate policies governing the establishment of rates and prices for energy as related to energy conservation, and other goals and policies of sections 116H.01 to 116H.15, and make recommendations for changes in energy pricing policies and rate schedules;

(h) Study the impact and relationship of the state energy policies to international, national, and regional energy policies;

(i) Design a state program for the conservation of energy; this program shall include but not be limited to, general commercial, industrial, and residential areas; such program shall also provide for the evaluation of energy systems as they relate to lighting, heating, refrigeration, air conditioning, building design and operation, and appliance manufacturing and operation;

(j) Inform and educate the public about the *sources and uses of energy and the ways in which persons can conserve energy*;

(k) Dispense funds made available for the purpose of research studies and projects of professional and civic orientation, which are related to either energy conservation or the development of alternative energy technologies which conserve nonrenewable energy resources while creating minimum environmental impact;

(l) Charge other governmental departments and agencies involved in energy related activities with specific information gathering goals and require that those goals be met.

Sec. 10. *The director, in cooperation with the director of the state planning agency, the executive director of the pollution control agency, and the commissioners of natural resources and transportation, shall carry out a coal impact study and provide the legislature with an interim report and recommendations by January 1, 1978, and a final report by September 1, 1978.*

The study shall specify in five and ten year forecasts, the demand for coal in Minnesota by user type and location, estimate environmental impacts, examine transportation and handling system needs, discuss the potential for the use of coal gasification, and address the significant economic and institutional questions involved in bringing about a major shift in energy use from other fuels to coal.

Sec. 11. Minnesota Statutes 1976, Section 116H.12, is amended by adding subdivisions to read:

Subd. 1a. Beginning July 1, 1978, the use of outdoor display lighting shall be limited as provided in subdivision 1b. For purposes of this section, "outdoor display lighting" shall include building facade lighting, other decorative lighting, and all billboards and advertising signs except those which identify a commercial establishment which is open for business at that hour.

Subd. 1b. The director shall develop proposed rules, pursuant to chapter 15, by October 1, 1977, setting standards covering permissible hours of operation, quantity and efficiency of outdoor display lighting and defining "outdoor display lighting".

Sec. 12. Minnesota Statutes 1976, Section 116H.12, Subdivision 5, is amended to read:

Subd. 5. The director, in conjunction with the commissioner of administration, shall conduct studies of the states' and make recommendations concerning the purchase and use by the state and its political subdivisions of supplies, automobiles motor vehicles and equipment having a significant impact on energy use in order to determine the potential for energy conservation. The director may promulgate regulations pursuant to chapter 15 to insure that energy use and conservation will be considered in state purchasing and, where appropriate, to require certain minimum energy efficiency standards in purchased products and equipment. No state purchasing of equipment or material use shall occur that is not in conformity with these regulations.

Sec. 13. Minnesota Statutes 1976, Section 116H.12, Subdivision 10, is amended to read:

Subd. 10. The director shall report to the legislature not later than March 1, 1977, on the economic and technological feasibility of implementing a program of energy conservation in Minnesota with respect to room air conditioners and standing pilot light equipment. The study shall include consideration of:

(1) The economic feasibility of the program and the impact on consumers, agriculture, business and interstate commerce;

(2) The technological feasibility of implementing the program including safety considerations;

(3) The potential reduction in energy consumed in Minnesota which would result from implementing the program;

(4) Substantial state need for the program in relation to the progress of similar energy conservation programs undertaken by the federal energy agency under the mandate of the federal energy policy and conservation act of 1975.

For the purposes of this subdivision "economic feasibility" means that the benefits from reduced energy consumption and the savings in operating costs throughout the estimated average life of the product outweigh:

(a) Any increase to purchasers in initial charges for, or, maintenance expenses of, the product which is likely to result from implementing the program;

(b) Any lessening of the utility, safety, dependability or performance of the product; and

(c) Any negative effects on competition.

Beginning January 1, 1978, no new room air conditioner shall be sold or installed or transported for resale into Minnesota unless it has an energy efficiency ratio of 7.0 or higher. For purposes of this subdivision, "energy efficiency ratio" means the ratio of the cooling capacity of the air conditioner in British thermal units per hour to the total electrical input in watts under designated operating conditions. This subdivision shall not apply to air conditioners in Minnesota on October 1, 1977. No person may transport non-complying units into this state in excess of what he can reasonably anticipate selling prior to January 1, 1978.

Sec. 14. Minnesota Statutes 1976, Section 116H.12, is amended by adding a subdivision to read:

Subd. 11. Beginning January 1, 1979, no new residential

(a) forced air type central furnace,

(b) cooking appliance manufactured with an electrical supply cord, or

(c) clothes drying equipment designed to burn natural gas equipped with a continuously burning pilot shall be sold or installed in Minnesota.

Sec. 15. Minnesota Statutes 1976, Section 116H.121, is amended to read:

116H.121 [ENERGY CONSERVATION STANDARDS IN CERTAIN PUBLIC BUILDINGS.] *Subdivision 1.* Before February 1, 1977, the commissioner of administration in consultation with the director, shall amend the rules concerning heat loss, illumination, and climate control standards promulgated pursuant to Minnesota Statutes 1975 Supplement, section 116H.12, subdivision 4, to include standards for all existing buildings heated by oil, coal, gas, or electric units which are owned by the state, the university of Minnesota, any city, any county, or any school district. Compliance with standards adopted pursuant to this section shall not be mandatory for buildings owned by any city, county or school district, *except as otherwise provided by this section.*

Subd. 2. Effective January 1, 1978, the illumination standards promulgated pursuant to subdivision 1, shall be mandatory for all public buildings where economically feasible. For the purposes of this subdivision, "public building" means any building which is open to the public during normal business hours and which exceeds 5,000 square feet in gross floor area. The director shall specify the formula for determining economic feasibility and shall take appropriate measures prior to January 1, 1978 to inform building owners and managers of the requirements of this subdivision and to assist them in complying with it.

Subd. 3. No enclosed structure or portion of an enclosed structure constructed after January 1, 1978 and used primarily as a commercial parking facility for three or more motor vehicles shall be heated. Incidental heating resulting from building exhaust air passing through a parking facility shall not be prohibited, provided that substantially all useful heat has previously been removed from the air.

Sec. 16. Minnesota Statutes 1976, Section 116H.124, is amended to read:

116H.124 [LOCAL GOVERNMENTAL SURVEYS AND FUEL COST ESTIMATES.] Before January 1, 1980, the governing body of each city and county shall complete a survey of all existing city owned or county owned buildings within their respective jurisdictions which buildings are heated by oil, coal, electric, or gas units. Buildings heated by oil or interruptable gas shall be surveyed first. The survey shall determine, based upon a formula specified by the director, the estimated remaining useful life of each building, together with the present degree and estimated cost of compliance with the energy conservation standards promulgated pursuant to section 116H.121. The governing body of a city or county may contract with any municipal building official appointed pursuant to section 16.861, or with the state building inspector to perform the energy conservation survey. Each governing body shall estimate, based upon a formula specified by the director, the annual potential savings in fuel procurement costs for existing heating and cooling systems, which savings would be realized for each building within its jurisdiction

if that building were improved to comply with the energy conservation standards. Each governing body shall file the energy conservation survey and estimated fuel procurement data for *at least half* the buildings within its jurisdiction with the director before December 31, 1978, and *all remaining buildings* by December 31, 1979, for his review and comment.

Sec. 17. Minnesota Statutes 1976, Section 116H.126, is amended to read:

116H.126 [PUBLIC SCHOOL SURVEYS.] Before January 1, 1980, each school district shall complete a survey of all existing public school buildings which it owns or operates and which are heated by oil, gas, coal, or electric units in order to determine the estimated remaining useful life of each building, together with the present degree and estimated cost of compliance with the energy conservation standards promulgated pursuant to section 116H.121. Buildings heated by oil or interruptable gas shall be surveyed first. The results of the energy conservation survey shall be recorded on a form furnished by the director. A school district may contract with any municipal building official appointed pursuant to section 16.861 or with the state building inspector to perform the energy conservation survey. Each school district shall estimate, based upon a formula specified by the director, the annual savings in fuel procurement costs for existing heating and cooling systems, which savings would be realized for each public school building within the district if it were improved to comply with the energy conservation standards.

Each school district shall file the energy conservation survey and estimated fuel procurement data for each *at least half* the public school building *buildings* within the district with the director before December 31, 1978, and *all remaining buildings* by December 31, 1979, for his review and comment.

Sec. 18. Minnesota Statutes 1976, Chapter 116H, is amended by adding a section to read:

[116H.129] [ENERGY CONSERVATION IN RESIDENTIAL BUILDINGS.] *Subdivision 1. Before January 1, 1978, the commissioner of administration, in consultation with the director and the appropriate standing committees of the legislature, shall promulgate minimum energy efficiency standards for existing residential buildings. The standards shall be economically feasible in that the resultant savings in energy procurement costs, based on current average residential energy costs in Minnesota as certified by the director, will exceed the cost of the energy conserving requirements amortized over a period of five years.*

By February 15, 1978, the director shall make recommendations to the legislature on methods to obtain compliance with the standards set forth in this subdivision.

Subd. 2. Before January 1, 1978, the commissioner of administration, in consultation with the director, shall by rule amend the standards concerning heat loss, illumination, and climate control promulgated pursuant to section 116H.12, subdivision 4, to

require that electrical service to individual dwelling units in buildings containing two or more units be separately metered, with individual metering readily accessible to the individual occupants. The standards authorized by this subdivision shall only apply to buildings constructed after the effective date of the amended standards. Buildings intended for occupancy primarily by persons who are 62 years of age or older or handicapped, or which contain a majority of units not equipped with complete kitchen facilities, shall be exempt from the provisions of this subdivision.

Sec. 19. Minnesota Statutes 1976, Section 116H.13, Subdivision 4, is amended to read:

Subd. 4. After promulgation of the criteria for assessment of need, any utility, coal supplier or petroleum supplier person proposing to construct a large energy facility shall apply for a certificate of need to construct a new large energy prior to construction of the facility. The application shall be on forms and in a manner established by the director. In reviewing each application the director shall hold at least one public hearing pursuant to chapter 15.

Sec. 20. Minnesota Statutes 1976, Section 126.111, is amended to read:

126.111 [ENVIRONMENTAL CONSERVATION EDUCATION.] *Subdivision 1.* The state department of education with the cooperation of the department of natural resources shall prepare an interdisciplinary program of instruction for elementary and secondary schools in the field of environmental conservation education. The program shall provide integrated approaches to environmental management consistent with socio-ecological principles, the production of appropriate curriculum materials and implementation in the public schools in the state.

Subd. 2. The commissioner of education in consultation with the director of the energy agency shall prepare an interdisciplinary program in the field of energy sources, uses, conservation, and management. The first phase shall be an assessment of available curriculum materials, the amount and type of energy curriculum already being taught, and what needs to be developed to provide an integrated approach to energy education consistent with socio-economic and ecological principles. Subsequent phases shall include development of curriculum guidelines and materials and a plan for their implementation as funds become available.

Sec. 21. [HEATING FUEL INVENTORY STUDY.] *In order to avoid potential heating fuel shortages, the Minnesota energy agency is directed to conduct a study of the heating fuel storage capacity of the state. The energy agency shall report its findings and recommendations to the legislature by November 15, 1977. The report shall include:*

(a) *an estimate of cumulative capacity of all heating fuel storage facilities in the state;*

(b) *a determination of normal fill levels for storage facilities; and*

(c) an estimate of whether or not the state's storage capacity is adequate.

Based upon the survey's findings, the energy agency's recommendations in the report shall include:

(a) measures the state can take to ensure that storage capacity is filled prior to the beginning of the heating season; and

(b) measures the state can take to initiate construction and/or utilization of additional storage facilities if increased storage is found to be necessary.

Sec. 22. The director of the energy agency in consultation with the director of the housing finance agency shall develop pamphlets and radio and television messages on the energy conservation and housing programs available in Minnesota. The pamphlets shall include information on available tax credits for residential energy conservation measures, residential retrofitting loan and grant programs, and data on the economics of energy conservation measures. Before the pamphlets or media messages are released for general distribution they shall be reviewed by the appropriate standing committees of the legislature.

Sec. 23. By December 31, 1977, the director of the energy agency, after consulting with the appropriate standing committees of the legislature, shall develop a comprehensive legislative proposal dealing with the legal, institutional, and financial issues surrounding solar energy use in Minnesota, including the creation and protection of sun rights, the modification of building codes, and the provision of reliable backup heating systems.

Sec. 24. The energy agency shall contract with the university of Minnesota, the departments of agricultural engineering, and agricultural and applied economics to carry out a research and demonstration project to study the feasibility of developing an agriculturally derived ethyl alcohol supplement to be blended with diesel fuel so as to produce a liquid fit for use as a fuel in diesel engines used for agricultural purposes. In carrying out the project, the departments shall utilize to the fullest extent possible, studies, data and reports of public agencies, private organizations and corporations, research institutes and other institutions of higher education. Before the project begins it shall be presented to the energy agency for review and comment.

An interim report shall be provided by September 1, 1978, to the energy agency and the Minnesota department of agriculture for review and comment. The university shall then provide the energy agency with a final report and recommendations which shall be provided to the legislature by January 1, 1979.

The project report shall include, but is not limited to, results from field studies of demonstration projects, and a review of the technical feasibility, possible energy impacts, biomass options, economic feasibility, agricultural sources and policy recommendations. A review of the relevant literature and a glossary shall also be included.

Sec. 25. [APPROPRIATIONS.] Subdivision 1. The sum of \$50,000 is appropriated from the general fund to the commissioner of administration for the purposes of sections 1 to 6 and 18 during the biennium beginning July 1, 1977.

Subd. 2. \$200,000 shall be appropriated from the general fund to the Minnesota energy agency which shall be designated as the lead agency for the purposes of section 10 for the biennium beginning July 1, 1977. The state planning agency, the pollution control agency, the department of natural resources, and the department of transportation shall be participating agencies. The approved complement of the agencies shall be increased as follows:

Energy agency	3 unclassified positions
State planning agency	1 unclassified position
Pollution control agency	1 unclassified position
Department of natural resources	1 unclassified position
Department of transportation	1 unclassified position

Subd. 3. The sum of \$25,000 is appropriated from the general fund to the department of education for the purposes of section 20 during the biennium beginning July 1, 1977.

Subd. 4. The sum of \$25,000 is appropriated from the general fund to the director of the energy agency for the purpose of section 23 during the fiscal year beginning July 1, 1977. The approved complement of the energy agency shall be increased by one unclassified position until December 31, 1977.

Subd. 5. The sum of \$75,000 is appropriated from the general fund to the director of the energy agency to be used for the purpose of section 22 during the biennium beginning July 1, 1977.

Subd. 6. The sum of \$18,000 is appropriated from the general fund to the director of the energy agency for the purpose of studying and reporting to the legislature by January 15, 1978, on state impacts of increased insulation activity including the need for insulation product and application standards, the need for state assistance in insuring adequate insulation supplies, and such other issues as the study may identify. The approved complement of the energy agency shall be increased by one unclassified position until January 15, 1978.

Subd. 7. The sum of \$50,000 is appropriated from the general fund to the energy agency for the purpose of section 24. This appropriation shall not lapse but shall be available for expenditure until January 1, 1979.

Subd. 8. The sum of \$15,000 is appropriated from the general fund to the energy agency for the purposes of section 11 during the biennium beginning July 1, 1977.

Sec. 26. Minnesota Statutes 1976, Sections 325.811, 325.812 and Laws 1974, Chapter 307, Section 19, are repealed.

Sec. 27. This act is effective the day following its final enactment; except that section 2, subdivision 2, is effective July 1, 1978."

Further, amend the title as follows:

Page 1, line 8, after the semicolon insert "requiring certain energy studies, programs and proposals;"

Page 1, line 14, after the first semicolon insert "16.866, Subdivision 1;"

Page 1, line 15, delete ", and by adding a subdivision"

Page 1, line 19, after "repealing" insert "Minnesota Statutes 1976, Sections 325.811; 325.812; and"

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

House Conferees: (Signed) Willard Munger, David Beauchamp and William Dean.

Senate Conferees: (Signed) Jerald Anderson, John Bernhagen and Emily Anne Staples.

Mr. Anderson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 522 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. 522: A bill for an act relating to energy; extending the application of the state building code to all cities and counties; clarifying state agency rulemaking regarding the building code subject matter; extending and clarifying the expiration of the Minnesota energy agency; requiring promulgation of certain energy conservation standards; requiring certain energy studies, programs and proposals; revising certain requirements; requiring certain efficiencies for air conditioners; prohibiting certain open flame pilot lights; appropriating money; amending Minnesota Statutes 1976, Sections 16.84; 16.851; 16.86, Subdivision 4; 16.861, Subdivision 4; 16.866, Subdivision 1; 116H.02, Subdivision 5; 116H.07, Subdivision 1; 116H.12, Subdivisions 5 and 10, and by adding subdivisions; 116H.121; 116H.124; 116H.126; 116H.13, Subdivision 4; 126.111; and Chapter 116H, by adding sections; repealing Minnesota Statutes 1976, Sections 325.811; 325.812; and Minnesota Laws 1974, Chapter 307, Section 19.

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

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

The roll was called, and there were yeas 44 and nays 12, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Engler	Hughes	Kleinbaum
Bang	Coleman	Frederick	Humphrey	Knoll
Benedict	Davies	Gearty	Johnson	Knutson
Bernhagen	Dieterich	Gunderson	Keefe, J.	Laufenburger
Borden	Dunn	Hanson	Keefe, S.	Lewis

Luther
Merriam
Moe
Nelson

Ogdahl
Perpich
Pillsbury
Purfeerst

Schmitz
Sikorski
Sillers
Spear

Staples
Stokowski
Strand
Stumpf

Tennessee
Ulland, J.
Vega

Those who voted in the negative were:

Chmielewski
Lessard
Menning

Nichols
Olhoff
Olson

Penny
Peterson

Renneke
Setzepfandt

Wegener
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. 415 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 415: A bill for an act relating to collection and dissemination of data; clarifying information practices; defining terms; prescribing remedies; prescribing penalties; appropriating money; amending Minnesota Statutes 1976, Sections 15.1642; 15.165; Chapters 15, by adding sections; and 138, by adding a section; repealing Minnesota Statutes 1976, Sections 15.162; 15.163; 15.1641; 15.166; 15.167; 15.1671; 15.169; 15.17; 15.171; 15.172; 15.173; 15.174; 138.161; 138.162; 138.163; 138.17; 138.18; 138.19; 138.20; 138.21; and 138.22.

House File No. 415 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 23, 1977

CONFERENCE COMMITTEE REPORT ON H. F. NO. 415

A bill for an act relating to collection and dissemination of data; clarifying information practices; defining terms; prescribing remedies; prescribing penalties; appropriating money; amending Minnesota Statutes 1976, Sections 15.1642; 15.165; Chapters 15, by adding sections; and 138, by adding a section; repealing Minnesota Statutes 1976, Sections 15.162; 15.163; 15.1641; 15.166; 15.167; 15.1671; 15.169; 15.17; 15.171; 15.172; 15.173; 15.174; 138.161; 138.162; 138.163; 138.17; 138.18; 138.19; 138.20; 138.21; and 138.22.

May 21, 1977

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

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 415 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. 415 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1976, Section 15.162, Subdivision 2a, is amended to read:

Subd. 2a. "Confidential data on individuals" means data which is: (a) made not public 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. Confidential data on individuals does not include arrest information that is reasonably contemporaneous with an arrest or incarceration. The provision of clause (b) 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 July 31, 1978, whichever occurs first.

Sec. 2. Minnesota Statutes 1976, Section 15.162, Subdivision 3, is amended to read:

Subd. 3. "Data on individuals" includes all records, files and processes which contain any data in which an individual is or can be identified and which is kept *are retained* or intended to be kept *retained* on a permanent or temporary basis. It includes *that data* collected, stored, and or disseminated by manual, mechanical, electronic or any other means. Data on individuals *includes data are* classified as public, private or confidential.

Sec. 3. Minnesota Statutes 1976, Section 15.162, Subdivision 4, is amended to read:

Subd. 4. "Individual" means a natural person. In the case of a minor individual under the age of 18, "individual" shall mean *includes* a parent or guardian acting in a representative capacity, except where such minor individual indicates otherwise or an individual acting as a parent or guardian in the absence of a parent or guardian, except that the responsible authority shall withhold data from parents or guardians, or individuals acting as parents or guardians in the absence of parents or guardians, upon request by the minor if the responsible authority determines that withholding the data would be in the best interest of the minor.

Sec. 4. Minnesota Statutes 1976, Section 15.162, Subdivision 5, is amended to read:

Subd. 5. "Political subdivision" *includes counties, municipalities* means any county, statutory or home rule charter city, school

districts district, special district and any boards, commissions, districts or authorities board, commission, district or authority created pursuant to law, local ordinance or charter provision. It includes any nonprofit corporation which is a community action agency organized pursuant to the economic opportunity act of 1964 (P.L. 88-452) as amended, 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 a contractual relationship with state agencies, political subdivisions or statewide systems.

Sec. 5. Minnesota Statutes 1976, Section 15.162, Subdivision 6, is amended to read:

Subd. 6. "Responsible authority" at the in a state level agency or statewide system means any office established the state official designated by law or by the commissioner as the body individual responsible for the collection and , use and dissemination of any set of data on individuals or summary data. "Responsible authority" in any political subdivision means the person individual designated by the governing board body of that political subdivision as the individual responsible for the collection, use, and dissemination of any set of data on individuals or summary data , unless otherwise provided by state law. With respect to statewide systems, "responsible authority" means the state official involved, or if more than one state official, the official designated by the commissioner.

Sec. 6. Minnesota Statutes 1976, Section 15.1642, is amended 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 on individuals as private or confidential , for its own use and for the use of other similar agencies, political subdivisions or statewide systems on an emergency basis until a proposed statute can be acted upon by the legislature. The application for emergency classification is public data .

Upon the filing of an application for emergency classification, the data which is the subject of the application shall be deemed to be classified as set forth in the application for a period of 30 days, or until the application is disapproved or granted by the commissioner, whichever is earlier.

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 as private or confidential ;

(b) That the data similar to that for which the emergency classification is sought 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; and

(c) That a compelling need exists for immediate emergency classification, which if not granted could adversely affect the public interest or the health, safety, well being or reputation of the data subject.

Subd. 3. The commissioner shall either grant or disapprove the application for emergency classification within 30 days after it is filed. If the commissioner disapproves the application, he shall set forth in detail his reasons for the disapproval, and shall include a statement of what classification he believes is appropriate for the data which is the subject of the application. Ten days after the date of the commissioner's disapproval of an application, the data which is the subject of the application shall become public data on individuals, unless the responsible authority submits an amended application for emergency classification which requests the classification deemed appropriate by the commissioner in his statement of disapproval or which sets forth additional information relating to the original proposed classification. Upon the filing of an amended application, the data which is the subject of the amended application shall be deemed to be classified as set forth in the amended application for a period of 15 days or until the amended application is granted or disapproved by the commissioner, whichever is earlier. The commissioner shall either grant or disapprove the amended application within 15 days after it is filed. Five working days after the date of the commissioner's disapproval of the amended application, the data which is the subject of the application shall become public data on individuals. No more than one amended application may be submitted for any single file or system which contains data on individuals.

If the commissioner grants the an application for emergency classification, it shall be submitted with become effective immediately, and the complete record relating to the application shall be submitted to the attorney general, who shall review the classification as to form and legality. The attorney general shall, Within 20 days, either the attorney general shall approve the classification, disapprove a classification as confidential but approve a classification as private, or disapprove the classification. If the attorney general disapproves a classification, the data which is the subject of the classification shall become public data five working days after the date of the attorney general's disapproval.

Subd. 4. All applications for emergency classification which are pending on the effective date of this section shall be deemed to have been filed on the effective date of this section.

Subd. 3 5 . [EXPIRATION OF EMERGENCY CLASSIFICATION.] All emergency classifications granted under this section and still in effect shall expire on June 30, 1977 July 31, 1978 . No

emergency classifications shall be granted after June 30, 1977 July 31, 1978.

Sec. 7. Minnesota Statutes 1976, Section 15.165, is amended to read:

15.165 [RIGHTS OF SUBJECTS OF DATA.] *Subdivision 1.* The rights of individuals on whom the data is stored or to be stored shall be as follows: *set forth in this section.*

(a) Subd. 2. An individual asked to supply private or confidential data concerning himself shall be informed of: *(1) both (a) the purpose and intended use of the requested data; (2) within the collecting state agency, political subdivision or statewide system; (b) whether he may refuse or is legally required to supply the requested data; and (3); (c) any known consequence arising from his supplying or refusing to supply private or confidential data; and (d) the identity of other persons or entities authorized by state or federal law to receive the data.*

(b) Subd. 3. Upon request to a responsible authority, an individual shall be informed whether he is the subject of stored data on individuals, and whether it be is classified as public, private or confidential. Upon his further request, an individual who is the subject of stored public or private data on individuals shall be shown the data without any charge to him and, if he desires, shall be informed of the content and meaning of that data. After an individual has been shown the private data and informed of its meaning, the data need not be disclosed to him for six months thereafter unless a dispute or action pursuant to this section is pending or additional data on the individual has been collected. The responsible authority shall provide copies of the private data upon request by the individual subject of the data, provided that. The cost of providing copies is shall be borne by the requesting individual.

The responsible authority shall comply immediately, if possible, with any request made pursuant to this subdivision, or within five days of the date of the request, excluding Saturdays, Sundays and legal holidays, if immediate compliance is not possible. If he cannot comply with the request within that time, he shall so inform the individual, and may have an additional five days within which to comply with the request, excluding Saturdays, Sundays and legal holidays.

(c) Subd. 4. An individual may contest the accuracy or completeness of public or private data concerning himself. To exercise this right, an individual shall notify in writing the responsible authority describing the nature of the disagreement. The responsible authority shall within 30 days either: *(a) correct the data if the data is found to be inaccurate or incomplete and attempt to notify past recipients of inaccurate or incomplete data, including recipients named by the individuals; or (b) notify the individual of disagreement that he believes the data to be correct. Data in dispute shall not be disclosed except under conditions of demonstrated need and then only if the individual's statement of disagreement is included with the disclosed data.*

The determination of the responsible authority is ~~appealable in accordance with~~ *may be appealed pursuant to* the provisions of the administrative procedure act relating to contested cases.

Sec. 8. This act is effective the day following final enactment."

Further, delete the title and insert:

"A bill for an act relating to privacy of data on individuals; definitions; emergency classifications by commissioner; rights of individuals; amending Minnesota Statutes 1976, Sections 15.162, Subdivisions 2a, 3, 4, 5, and 6; 15.1642; and 15.165."

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

House Conferees: (Signed) Shirley A. Hokanson, David J. Beauchamp, Linda L. Berglin, Harry Sieben, Jr., William D. Dean

Senate Conferees: (Signed) Robert J. Tennessen, Tom A. Nelson, John B. Keefe, Gene Merriam, Jack Davies

Mr. Tennessen moved that the foregoing recommendations and Conference Committee Report on H. F. No. 415 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. 415: A bill for an act relating to privacy of data on individuals; definitions; emergency classifications by commissioner; rights of individuals; amending Minnesota Statutes 1976, Sections 15.162, Subdivisions 2a, 3, 4, 5, and 6; 15.1642; and 15.165.

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

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

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Olhoff	Staples
Ashbach	Gearty	Laufenburger	Olson	Stokowski
Bang	Gunderson	Lessard	Penny	Strand
Benedict	Hanson	Lewis	Peterson	Stumpf
Bernhagen	Hughes	Luther	Pillsbury	Tennessen
Brataas	Humphrey	Menning	Renneke	Ulland, J.
Coleman	Johnson	Merriam	Schmitz	Vega
Davies	Keefe, J.	Moe	Setzepfandt	Wegener
Dieterich	Keefe, S.	Nelson	Sikorski	Willet
Dunn	Kleinbaum	Nichols	Sillers	
Engler	Knoll	Ogdahl	Spear	

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 Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Messrs. Wegener, Kleinbaum, Dunn, Olson and Chmielewski introduced—

S. F. No. 1567: A bill for an act relating to taxation; providing that compensation for service in the Minnesota national guard be exempt from the income tax; amending Minnesota Statutes 1976, Section 290.01, Subdivision 20.

Referred to the Committee on Taxes and Tax Laws.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Dieterich moved that H. F. No. 8, No. 1 on General Orders, be stricken and re-referred to the Committee on Commerce. 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 the adoption by the House of the following House Concurrent Resolution, herewith transmitted:

House Concurrent Resolution No. 5: A House concurrent resolution relating to adjournment until 1978.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 23, 1977

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that House Concurrent Resolution No. 5 be now adopted.

House Concurrent Resolution No. 5: A House concurrent resolution relating to adjournment until 1978.

BE IT RESOLVED, by the House of Representatives, the Senate concurring, that upon their adjournment May 23, 1977, the House of Representatives may set its next day of meeting for January 17, 1978 at 12:00 noon and the Senate may set its next day of meeting for January 17, 1978 at 12:00 noon.

BE IT FURTHER RESOLVED, that this resolution is the consent of each house for the other to adjourn for more than three days following May 23, 1977.

The motion prevailed. So the resolution was adopted.

Mr. Coleman moved that the Senate do now adjourn until 12:00 o'clock noon, Tuesday, January 17, 1978. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate