

EIGHTY-SEVENTH DAY

St. Paul, Minnesota, Thursday, March 9, 1978

The Senate met at 9:00 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	Davies	Kirchner	Olhoft	Spear
Bang	Dieterich	Kleinbaum	Olson	Staples
Benedict	Dunn	Lewis	Perpich	Stokowski
Bernhagen	Engler	Luther	Pillsbury	Strand
Borden	Frederick	McCutcheon	Purfeerst	Stumpf
Brataas	Gearty	Menning	Schmitz	Ulland, J.
Chmielewski	Johnson	Nelson	Sieloff	Wegener
Coleman	Keefe, S.	Nichols	Sikorski	Willet

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

Prayer was offered by the Chaplain, Rev. Winfield Johnson.

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

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

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the

following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S. F. No. 1699: A bill for an act relating to the town of Little Falls; allowing the town to contract for the lighting of town roads; allowing reimbursement for electrical service costs; providing for special assessments.

Senate File No. 1699 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 8, 1978

CONCURRENCE AND REPASSAGE

Mr. Wegener moved that the Senate concur in the amendments by the House to S. F. No. 1699 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1699: A bill for an act relating to the towns of Little Falls and Belle Prairie in Morrison County; allowing the town to contract for the lighting of town roads; allowing reimbursement for electrical service costs; providing for special assessments.

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

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

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Penny	Spear
Ashbach	Frederick	Laufenburger	Perpich	Staples
Bang	Gearty	Lessard	Peterson	Stokowski
Benedict	Gunderson	Lewis	Pillsbury	Strand
Bernhagen	Hanson	Luther	Purfeerst	Stumpf
Brataas	Johnson	McCutcheon	Renneke	Ulland, J.
Chmielewski	Keefe, J.	Menning	Schmitz	Vega
Coleman	Keefe, S.	Nelson	Setzepfandt	Wegener
Davies	Kirchner	Nichols	Sieloff	Willet
Dunn	Kleinbaum	Olhoft	Sillers	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 1605, 2274 and 2466.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 8, 1978

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 1009, 1994, 2432 and 2429.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted March 8, 1978

FIRST READING OF HOUSE BILLS

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

H. F. No. 1605: A bill for an act relating to motor vehicles, registration dates, display of plates or insignia; amending Minnesota Statutes 1976, Sections 168.09, Subdivisions 2 and 3; and 168.31, Subdivision 1.

Referred to the Committee on Transportation.

H. F. No. 2274: A bill for an act relating to veterans; providing for appeals from removals and disciplinary actions; amending Minnesota Statutes 1976, Sections 43.24, Subdivision 1; and 197.481, Subdivision 1.

Referred to the Committee on Governmental Operations.

H. F. No. 2466: A bill for an act relating to privacy of data on individuals; definitions, determination and emergency classification; amending Minnesota Statutes, 1977 Supplement, Sections 15.162, Subdivision 2a; and 15.1642, Subdivisions 3 and 5; repealing Minnesota Statutes, 1977 Supplement, Section 15.1642, Subdivision 4.

Referred to the Committee on Judiciary.

H. F. No. 1009: A bill for an act relating to economic development; changing certain requirements for loan eligibility through the Minnesota area redevelopment administration; amending Minnesota Statutes 1976, Section 472.11, by adding subdivisions.

Referred to the Committee on Commerce.

H. F. No. 1994: A bill for an act relating to insurance; changing certain abstracting and publishing requirements for annual statements; exempting certain assessments from retaliatory provisions; clarifying application of certain benefit requirements for handicapped children under group hospital or medical expense insurance policies; amending Minnesota Statutes 1976, Sections 60A.13, Subdivision 7; 60A.14, Subdivision 1; 60A.19, Subdivision 6; 62A.14, Subdivision 2; and 62A.151; repealing Minnesota Statutes 1976, Section 60A.13, Subdivisions 3 and 4.

Referred to the Committee on Commerce.

H. F. No. 2432: A bill for an act relating to Washington county; providing for the appointment and compensation of probation officers.

Referred to the Committee on Judiciary.

H. F. No. 2429: A bill for an act relating to the cities of Mankato and North Mankato; prohibiting regulation of the rates of the public transit system by the public service commission.

Referred to the Committee on Transportation.

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk be now adopted, with the exception of reports pertaining to appointments. The motion prevailed.

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

S. F. No. 1874: A bill for an act relating to education; school districts; separate election districts; changing the requirements for petitions for division into and changing boundaries of special election districts; amending Minnesota Statutes 1976, Section 123.32, Subdivisions 10 and 15.

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

Page 1, line 16, strike *"the greater of"*

Page 1, line 18, after *"election"* insert *", whichever is greater"*

Page 1, line 22, strike *"Only one election"*

Page 1, line 22, after *"period"* insert *"only one election"*

Page 2, line 11, strike *"the greater of"*

Page 2, line 14, before the period insert *", whichever is greater"*

Page 2, line 16, after the first *"held"* insert *"pursuant to this subdivision"*

Page 2, line 17, strike *"of this section"*

Page 2, after line 17, insert

"Sec. 3. [EFFECTIVE DATE.] This act is effective the day after final enactment."

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was re-referred

S. F. No. 1628: A bill for an act relating to taxation; property

tax; providing for delay in increased valuation on certain rehabilitation projects.

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

Page 1, line 10, after "in" insert "the assessed"

Page 1, line 10, after "valuation" insert "of a building"

Page 1, line 11, strike "a" and insert "the"

Page 1, line 12, strike "meeting the criteria set forth in subdivision 2"

Page 1, line 14, after "rehabilitation" insert "if the building meets the criteria set forth in subdivision 2"

Page 1, line 15, strike "at the same"

Page 1, line 16, strike "level" and after "as" insert "are"

Page 2, line 1, after "the" insert "anticipated"

Page 2, line 3, strike "40" and insert "60"

Page 2, line 4, strike "assessor's total" and insert "estimated", and after "building" insert "at the time when the application is made"

Page 2, line 6, strike "and"

Page 2, line 7, strike "provided, that a" and insert "(e) the" and after "building" insert "is not"

Page 2, line 9, strike "shall not"

Page 2, line 10, strike "qualify for this treatment" and insert "
"; (f) the property is not classified pursuant to Minnesota Statutes, Section 273.13, Subdivisions 17, 17a or 17b; and (g) not more than 25 percent of the residential units in the building are subsidized through section 8 of the U.S. Housing Act of 1937, 42 USC 1437 (f) "

Page 2, line 11, strike "This section does not prohibit increases" and insert "Any increase"

Page 2, line 12, strike "valuation" and insert "value"

Page 2, line 13, strike "if the increased valuation" and insert "which"

Page 2, line 17, after "approval" insert "shall be added to the assessed valuation of the building"

Page 2, strike lines 18 to 22

Renumber the remaining subdivision

Page 3, line 6, after "thereafter" insert ", and shall expire for taxes levied in 1983, payable in 1984 and thereafter; provided that, any project approved prior to expiration of this section shall

continue to receive treatment pursuant to subdivision 1 until the end of the fifth year following the rehabilitation year”

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was re-referred

S. F. No. 1721: A bill for an act relating to county agricultural societies; providing for tort liability of county agricultural societies; authorizing county boards to levy a tax to pay certain judgments or liability insurance premiums; amending Minnesota Statutes 1976, Sections 38.27, by adding a subdivision; 466.01, Subdivision 1; and Chapter 38, by adding a section.

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

Page 2, line 5, after “subdivision” insert “for payment of judgments”

Page 2, line 7, after the period insert “A tax levied under this subdivision for payment of premium costs of liability insurance shall not be a special levy as defined in section 275.50, subdivision 5, and shall be subject to the levy limitation provided in sections 275.51 and 275.52.”

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 1930: A bill for an act relating to taxation; providing that all orders relating to valuation of property for ad valorem taxes be issued on or before November 15; classifying assessors' field cards as private data; authorizing the commissioner of revenue to provide new income tax tables; defining the deduction for tuition and transportation expense in computing income tax; providing a seven year carryforward for farm losses; limiting the deduction for charitable contributions; authorizing the commissioner to require a copy of computations used to compute federal income tax; allowing spouses to file combined returns even if one is a nonresident; requiring employers to file a withholding application; providing property tax relief benefits for persons becoming disabled before June 1; defining the acreage eligible for homestead exemption for inheritance tax purposes; changing gift tax rates and credits for certain donees; changing interest rates on certain gift tax refunds; altering classification of alcoholic beverages for tax purposes; requiring the revisor of statutes to recodify certain functions transferred to the department of public service; eliminating inheritance tax receipts; repealing the deduction for alimony; amending Minnesota Statutes 1976, Sections 270.12, Subdivision 3; 290.09, Subdivision 22; 290.37, Subdivision 3; 290.39, Subdivision 2; 290.92, by adding a subdivision;

290A.04, Subdivision 1; 291.05; 292.07, Subdivisions 3 and 5; 292.125; 340.47, Subdivision 1; and Chapter 272, by adding a section; and Minnesota Statutes, 1977 Supplement, Sections 290.06, Subdivision 2c; 290.09, Subdivisions 15 and 29; 290.21, Subdivision 3; 340.47, Subdivision 1a; repealing Minnesota Statutes 1976, Section 291.13, Subdivision 2; and Minnesota Statutes, 1977 Supplement, Section 290.09, Subdivision 14.

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

Pages 3 to 5, strike sections 3 and 4 and insert:

"Sec. 3. Minnesota Statutes 1976, Section 290.39, is amended by adding a subdivision to read:

"Subd. 1a. [TAX TABLES.] Notwithstanding any other provision of chapter 290 to the contrary, the commissioner may, in his discretion, prepare tables for computing the tax for individuals, estates, and trusts which may reflect the allowance of personal and dependent credits or which may reflect the allowance of the standard deduction and the personal and dependent credits."

Pages 6 to 11, strike sections 6 and 7

Page 13, line 19, strike "before" and insert "no later than one week after"

Page 13, line 31, strike "be" and insert "is"

Page 14, after line 22, insert:

"Sec. 9. Minnesota Statutes, 1977 Supplement, Section 290A.04, Subdivision 2b, is amended to read:

Subd. 2b. An additional refund shall be allowed each claimant who is disabled or has attained the age of 65 by June 1 of the year in which the taxes were payable in an amount equal to 50 percent of the amount by which property taxes payable or rent constituting property taxes exceed the sum of (a) the refund calculated pursuant to subdivision 2 and (b) the percentage of the claimant's household income specified in subdivision 2. The sum of the refunds provided in subdivision 2 and this subdivision shall not exceed the maximum amounts provided below.

For claimants earning:

\$ 0 to 19,999, up to \$800;

20,000 to 22,999, up to \$800;

23,000 to 25,999, up to \$763;

26,000 to 35,999, up to \$725;

36,000 and over, up to \$525;

provided that maximum refunds for incomes above \$20,000 decline according to the following schedule:

between \$20,000 and \$26,000 decline \$12.50 per \$1,000; between \$26,000 and \$36,000 decline \$20 per \$1,000.

In the case of a claimant who was disabled on or before June 1 or who attained the age of 65 on the date specified in subdivision 1, the refund shall not be less than the refund which the claimant's household income as defined in section 290A.03 and property tax or rent constituting property tax would have entitled him to receive under Minnesota Statutes 1974, Section 290.0618."

Page 21, line 25, strike "fortified"

Page 22, line 28, strike "fortified"

Page 23, strike section 18

Page 23, line 22, strike "8, 18" and insert "5"

Page 23, line 22, strike "20" and insert "17"

Page 23, line 24, strike "to 7, 9" and insert "4, 6"

Page 23, line 24, strike "19" and insert "16"

Page 23, line 25, strike "10" and insert "7"

Page 23, line 25, strike "15" and insert "13"

Page 23, line 26, strike "Section 11 is" and insert "Sections 8 and 9 are"

Page 23, line 28, after "years" insert "; provided that, if a refund has been paid prior to January 1, 1978, in accordance with the provisions of section 11, to the survivor of a disabled claimant who died prior to June 1 of the year of the claim, no refund of the excess amount paid in accordance with that section shall be required by the commissioner of revenue. A claimant who would qualify for a credit pursuant to the provisions of section 11 which is greater than that which he has received pursuant to Minnesota Statutes, 1976, Section 290A.04, Subdivision 1, may file with the department of revenue a claim for an additional refund in the amount of the excess. Claims made pursuant to this provision shall not be subject to the penalties provided in Minnesota Statutes, Section 290A.06, if filed before December 31, 1978"

Page 23, line 28, strike "12" and insert "10"

Page 23, line 30, strike "13" and insert "11"

Page 23, line 30, strike "14" and insert "12"

Page 23, line 31, strike "16" and insert "14"

Page 23, line 31, strike "17" and insert "15"

Page 23, line 31, strike "January" and insert "July"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, strike "providing a seven year"

Page 1, strike lines 10 and 11

Page 1, line 23, strike "requiring the revisor"

Page 1, strike lines 24 and 25

Page 1, line 30, after "Subdivision 2" insert ", and by adding a subdivision"

Page 1, line 35, strike "290.06, Subdivision 2c; 290.09,"

Page 1, strike line 36 and insert "290A.04, Subdivision 2b;"

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

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

S. F. No. 1654: A bill for an act relating to retirement; miscellaneous amendments to the public employees retirement law; amending Minnesota Statutes 1976, Sections 353.01, Subdivisions 12, 16, and 20; 353.017, Subdivision 2; 353.30, by adding a subdivision; 353.32, Subdivisions 5 and 9; 353.33, Subdivision 11; 353.34, Subdivision 6; 353.656, Subdivision 6; 356.32, Subdivision 1; Minnesota Statutes, 1977 Supplement, Sections 353.01, Subdivision 2b; and 353.36, Subdivision 2; repealing Minnesota Statutes, 1977 Supplement, Section 353.32, Subdivision 7.

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

Page 3, after line 24, insert "(q) Town, City or county assessors elected or appointed pursuant to chapter 273 who do not receive compensation in excess of \$250 per month from any one employing governmental subdivision or who are employed pursuant to an employment contract which sets forth the total compensation to be paid and the length of service, not to exceed three months in duration, required for the performance of the contract and which was entered into in advance of the commencement of employment,"

Page 6, line 7, strike "DEPENDENT" and insert "SURVIVING"

Page 6, line 7, strike "Dependent" and insert "Surviving"

Page 6, line 16, after "board" insert "before July 1, 1978 or"

Page 6, after line 18, insert:

"Sec. 6. Minnesota Statutes, 1977 Supplement, Section 353.03, Subdivision 1, is amended to read:

353.03 [BOARD OF TRUSTEES.] Subdivision 1. [MANAGEMENT; COMPOSITION; ELECTION.] The management of the public employees retirement fund is hereby vested in a board of trustees consisting of 15 members, who shall be known as the board of trustees. This board shall consist of ~~three~~ four trustees, one of whom shall be designated by each of the following associations or organizations, Minnesota school boards association, League of Minnesota Cities, and Association of Minnesota Counties and the executive committee of the statewide general labor organization which includes among its membership the

employee organizations, as defined in section 179.63, subdivision 5, which represent the largest number of employees who are association members ; nine area trustees, who shall be elected from the membership employed in one of the areas described below by the members employed in such area except members of the police and fire fund; one trustee who shall be a retired annuitant elected at large by other annuitants; and one trustee who is a member of the police and fire fund elected at large by the membership of the police and fire fund. The remaining trustee shall be elected prior to January 1 by the governing bodies of employee organizations, as defined in section 179.63, subdivision 5, representing association employees; provided that in making the election each employee organization shall have one vote for each association employee it represents. The respective governing bodies shall implement and administer a system for the election of this member and the filling of vacancies, and any dispute in the election process shall be resolved by the secretary of state. Elected trustees shall hold office for a term of four years. For seven days beginning December 1 of each year, the association shall accept at its office filings in person or by mail of candidates for the board of trustees. An area candidate shall submit at the time of filing a nominating petition signed by 25 or more members of the fund from the area of the candidate, a retired annuitant candidate, a nominating petition signed by 25 or more such annuitants, and a police and fire fund candidate, a nominating petition signed by 25 or more members of such fund. No nominee may withdraw his name from nomination after December 15. By January 10 of each year in which elections are to be held the board shall distribute by mail to the members and annuitants ballots listing the candidates. No member may vote for more than one candidate but a blank line shall be provided for a write in vote. A ballot indicating a vote for more than one person shall be void. No special marking may be used on the ballot to indicate incumbents. The last day for mailing ballots to the fund shall be January 31. Except as provided in this section, all terms expire on January 31 of the fourth year, and the position shall remain vacant until the newly elected member is qualified. The ballot envelopes shall be so designed and the ballots shall be counted in such a manner as to insure that each vote is secret. For the purpose of electing the nine area trustees, the state shall be divided into three areas as follows: Area one shall include Anoka, Hennepin, Ramsey and Washington counties. Area two shall include Big Stone, Swift, Kandiyohi, Meeker and Wright counties and all counties south thereof, except counties in area one. Area three shall include all the remaining counties of the state. If any governmental unit is located in more than one area, place of employment shall be deemed to be in the area in which the main office of the governmental unit is located. Each year for three years one area trustee shall be elected to a four-year term from each area by the members employed in the respective areas. In the fourth year one trustee shall be elected at large by the police and fire fund membership and one trustee elected at large by the annuitants.

Notwithstanding the foregoing, however, in order to provide

for a transition to regional elections, in the year 1978 only, a retired trustee shall be elected by the annuitants, and three trustees shall be elected from each of the three areas by the members of the area who may vote for only one candidate. The annuitant candidate receiving the most votes shall serve a three-year term, the candidate in each area receiving the largest number of votes shall serve a four-year term, the candidate in each area receiving the second largest number of votes shall serve a two-year term and the candidate in each area receiving the third largest number of votes shall serve a one-year term. The elections shall be supervised by the secretary of state. It shall be the duty of the board of trustees to faithfully administer the law without prejudice and consistent with the expressed intent of the legislature. They shall act as trustees with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers of the governmental subdivisions which aid in financing it and the public employees who are its beneficiaries.

Sec. 7. Minnesota Statutes 1976, Section 353.30, Subdivision 1b, is amended to read:

Subd. 1b. Any person with 30 years or more of allowable service credit who elects early retirement under subdivision 1, shall receive an annuity reduced by one half fourth of one percent for each month that such person is under age 62 at the time of retirement."

Page 6, after line 28, insert:

"Sec. 9. Minnesota Statutes 1976, Section 353.31, Subdivision 1, is amended to read:

353.31 [SURVIVOR BENEFITS.] Subdivision 1. **[BENEFITS FOR SURVIVING SPOUSE AND DEPENDENT CHILDREN; BEFORE RETIREMENT.]** Upon the death of a "basic member" before retirement or upon the death of a "basic member" who was disabled and receiving disability benefits pursuant to section 353.33 at the time of his death who has had at least 18 months of credited allowable service, his surviving dependent spouse and dependent children, as defined in section 353.01, subdivisions 15 and 20, shall receive the monthly benefit provided below:

- (a) Surviving dependent spouse 30 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding death
- (b) Each dependent child 10 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding death

Payments for the benefit of any dependent child, as defined in section 353.01, subdivision 15, shall be made to the surviving parent, or if there be none, to the legal guardian of such child. The maximum monthly benefit for any one family shall not exceed \$450, and the minimum benefit per family shall not be

less than 30 percent of the "basic member's" said average salary, subject to the aforementioned maximum. The surviving dependent spouse benefit shall terminate upon his or her remarriage, and the dependent children's benefit shall be reduced pro tanto when any child is no longer dependent.

Any survivor of a "basic member" whose average salary was less than \$75 per month shall not be entitled to the benefits provided in this subdivision.

Under the terms of this subdivision there are no survivor benefits, as such, payable to the surviving spouse or dependent children of any deceased "coordinated member."

Page 9, line 14, delete the new language

Page 9, line 15, strike "percent" and insert "*the applicable percentage*"

Page 9, line 15, delete the new language

Page 9, line 16, delete the new language

Page 9, line 18, delete "*for the "coordinated member"*" and after the period insert "*If the person is a basic member, the applicable percentage is eight percent, and if the person is a coordinated member, the applicable percentage is four percent.*"

Page 10, after line 8, insert:

"Sec. 16. Minnesota Statutes 1976, Section 353.657, Subdivision 1, is amended to read:

353.657 [SURVIVOR BENEFITS.] Subdivision 1. In the event any member of the police and fire fund shall die from any cause, the association shall grant survivor benefits to any dependent *surviving* spouse who was residing with him at the time of his death and who was married to him for a period of at least one year, and to a dependent child or children, unmarried and under the age of 18 years. The spouse and child or children shall be entitled to monthly benefits as provided in the following subdivisions.

Sec. 17. Minnesota Statutes 1976, Section 354.41, Subdivision 6, is amended as follows:

Subd. 6. Any such former member who elects membership in the fund as authorized by subdivision 4 shall be eligible to make payment for service which was rendered prior to July 1, 1975 in any of the organizations enumerated in subdivision 4, provided the organization makes satisfactory certification of such service as prescribed in section 354.05, subdivision 28. This payment shall be limited to the most recent five years of allowable service credit and shall include all required employee and employer contributions as provided in section 354.42, subdivisions 2, 3 and 5 *at the rates in effect when the service was rendered*. Interest shall be paid on both the employee and employer contributions at the rate of six percent per annum compounded annually from the end of the

fiscal year during which such service was rendered to the date of payment. *The employer may pay the required employer contributions as provided in section 354.42, subdivisions 3 and 5 plus interest at the specified rate.* The payment described herein must be made in one lump sum prior to July 1, 1980 or prior to retirement, whichever is earlier. *No allowable or formula service with respect to such payment shall be credited to the employee's account until payment is received by the executive director.*

Sec. 18. Minnesota Statutes 1976, Section 354.41, is amended by adding a subdivision to read:

"Subd. 8. Any member who has been employed by an organization designated in subdivision 4 may receive up to five years of allowable service credit in the fund by making payment for such service under the conditions prescribed by subdivision 6."

Page 10, line 30, after "15." insert "*Sections 5 and 6 shall be effective the day following enactment. The balance of*"

Page 10, line 30, after "1978." insert "*Any person who was a member pursuant to section 353.01, subdivision 16, clause (3) prior to the election authorized by section 5 and was a basic member shall remain a basic member notwithstanding the contrary provisions of section 353.017, subdivision 1."*

Renumber the sections in sequence.

Amend the title as follows:

Page 1, line 6, after "353.30," insert "Subdivision 1b, and"

Page 1, line 6, after "subdivision;" and before "353.32," insert "353.31, Subdivision 1;"

Page 1, line 8, after the second "Subdivision 6;" insert "353.657, Subdivision 1; 354.41, Subdivision 6, and by adding a subdivision;"

Page 1, line 10, after "2b;" insert "353.03, Subdivision 1,"

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

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

S. F. No. 1876: A bill for an act relating to state government; providing for classifying certain persons as state employees; amending Minnesota Statutes, 1977 Supplement, Section 268.013, by adding a subdivision.

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

Page 1, line 8, strike "Minnesota Statutes, 1977 Supplement,"

Page 1, strike line 9

Page 1, line 10, strike "Subd. 7."

Page 1, line 18, strike "*without competitive*" and insert "after receiving a passing score on an"

Page 1, line 18, after "*examination*" insert "appropriate for the position."

Page 1, line 19, strike "*and*" and insert "Persons passing the examination"

Page 2, line 5, strike "*the day*" and insert "July 1, 1978."

Page 2, strike line 6

Remove underlining from the bill

Further, amend the title as follows:

Page 1, line 3, strike "persons" and insert "CETA employees"

Page 1, line 3, strike the semicolon and insert a period

Page 1, strike lines 4 and 5

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

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

S. F. No. 2230: A bill for an act relating to elections; authorizing the designation of more than one polling place in a precinct; making necessary changes in terminology; amending Minnesota Statutes 1976, Sections 3.21; 200.02, Subdivision 23; 201.11; 203A.11, Subdivision 2; 203A.18, Subdivision 2; 203A.33, Subdivision 1; 204A.09, Subdivision 1, and by adding a subdivision; 204A.13, Subdivision 3; 204A.14, Subdivision 2; 204A.15; 204A.16, Subdivision 1; 204A.17 by adding a subdivision; 204A.18, Subdivisions 1 and 2; 204A.19; 204A.20; 204A.38, Subdivisions 1, 2 and 3; 204A.45, Subdivision 1; 204A.46, Subdivisions 1, 2, 3 and 5; 204A.47; 204A.48; 204A.55; 205.17, Subdivision 5; 206.026, Subdivisions 2 and 4; 206.07, Subdivision 2; 206.18; 206.185, Subdivisions 1, 4 and 5; 206.19, Subdivision 3; 206.20, Subdivision 5; 206.21, Subdivisions 1 and 2; 207.06; 207.08; 207.09; 207.221; 207.26; 207.30, Subdivision 3; and 340.20; and Minnesota Statutes, 1977 Supplement, Sections 201.061, Subdivision 6; 207.02; 207.10; 207.101; and 207.11, Subdivisions 1 and 6.

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes, 1977 Supplement, Section 204A.06, Subdivision 1, is amended to read:

204A.06 [ELECTION PRECINCTS.] Subdivision 1. [BOUNDARIES.] Each town, each statutory city that is separated from the town for election purposes, and each city ward, shall constitute at least one election precinct. The council of each municipality shall prescribe the boundaries of the precincts and the number of voters therein, and may rearrange the precincts from time to time, except that no changes in precinct boundaries may be made during the period beginning January 1 in any year ending in seven and end-

ing January 1 in any year ending in two. If during the period beginning January 1 of a year ending in seven and ending January 1 of a year ending in two a municipality annexes an unincorporated area located in the same county as the municipality and adjacent to the corporate boundary, the annexed area may be included in the precinct immediately adjacent to it. *During the period beginning January 1 in a year ending in seven and ending January 1 in a year ending in two, a municipality may establish new precincts lying entirely within any existing precinct for which the boundaries were established before that period; provided that: (a) the outer boundaries of the existing precinct are not altered and (b) the new precincts established within the existing precinct are assigned names that include the name of the existing precinct.*"

Sec. 2. [EFFECTIVE DATE.] *This act is effective the day after final enactment.*"

Strike the title in its entirety and insert:

"A bill for an act relating to elections; permitting the formation of new precincts under certain conditions; amending Minnesota Statutes, 1977 Supplement, Section 204A.06, Subdivision 1."

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

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

S. F. No. 2297: A bill for an act relating to retirement; elected state officers plan; providing increased retirement benefits for constitutional officers and certain commissioners; appropriating money; amending Minnesota Statutes 1976, Sections 352C.01; 352C.04, Subdivisions 1 and 2a, and by adding a subdivision; 352C.09, Subdivisions 1 and 2; 352C.091, by adding subdivisions; and Chapter 352C, by adding sections; repealing Minnesota Statutes 1976, Sections 352C.02; 352C.03; 352C.04, Subdivision 3; 352C.05; 352C.06; and 352C.08.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Laufenburger from the Committee on Employment, to which was referred

H. F. No. 1773: A bill for an act relating to unemployment compensation; providing limited benefits to certain employees; amending Minnesota Statutes, 1977 Supplement, Section 268.09, Subdivision 1.

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

Mr. Laufenburger from the Committee on Employment, to which was referred

H. F. No. 2372: A bill for an act relating to public employee labor relations; including physical therapists and occupational therapists in the definition of "teacher"; amending Minnesota Statutes 1976, Section 179.63, Subdivision 13.

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

Mr. Tennessen from the Committee on Commerce, to which was referred

H. F. No. 2003: A bill for an act relating to reporting requirements for products liability claims; making various clarifications and technical changes; providing penalties for failure to comply; extending the expiration date; amending Laws 1977, Chapter 316, Section 2.

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

Page 1, line 12, strike "*, including any*" and insert "*licensed to write general liability insurance and each*"

Page 1, line 12, after "*insurer*" strike the comma

Page 1, strike lines 13 to 14

Page 1, line 15, strike "*sellers or distributors in this state,*"

Page 1, line 16, strike "*of the product liability*"

Page 1, strike lines 17 to 21

Page 1, line 22, strike "*to June 30, 1977. This report*" and insert "*which*"

Page 1, line 23, after "*information*" insert "*for product liability policies written in Minnesota for the one year period ending December 31 of the previous year*"

Page 1, line 23, after the colon, insert "*the total number of product liability policies issued, the amount of product liability coverage issued,*"

Page 2, line 8, strike "*, including any*" and insert "*licensed to write general liability insurance and each*"

Page 2, line 8, strike "*, providing*"

Page 2, strike lines 9 to 10

Page 2, line 11, strike "*or distributors in this state*"

Page 2, line 14, strike "*, provided, however, that information for*"

Page 2, line 15, strike everything before the colon

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

Mr. Perpich from the Committee on Health, Welfare and Corrections, to which was referred

H. F. No. 1826: A bill for an act relating to public welfare; providing compensation to residents of state institutions; accepting volunteer services; authorizing rule promulgation for child cost of care; authorizing ward institutional placement for respite care; concerning the discharge of a committed patient; providing for a hospital program plan; concerning local welfare hearing; regarding child support; amending Minnesota Statutes 1976, Sections 246.36; 252A.11, Subdivision 3; 253A.15, Subdivision 11; 253A.17, Subdivision 9; 256.045, Subdivision 2; Chapter 246, by adding a section; Minnesota Statutes, 1977 Supplement, Sections 252.27, Subdivision 2; 256.79; 256.873.

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

Page 2, line 11, strike "*These*" and insert "*The*"

Page 2, line 14, strike "*These*" and insert "*The*"

Page 2, lines 15 and 16, strike "*performing the voluntary services*"

Page 6, lines 23 and 24, strike the new language and reinstate the old language

Page 6, line 23, after "change" insert "*because application for assistance is not made prior to initial placement or*"

Page 7, after line 9, insert:

"Sec. 10. Minnesota Statutes 1976, Section 256B.02, Subdivision 8, is amended to read:

Subd. 8. "Medical assistance" or "medical care" means payment of part or all of the cost of the following care and services for eligible individuals whose income and resources are insufficient to meet all of such cost:

- (1) Inpatient hospital services.
- (2) Skilled nursing home services.
- (3) Physicians' services.
- (4) Outpatient hospital or clinic services.
- (5) Home health care services.
- (6) Private duty nursing services.
- (7) Physical therapy and related services.
- (8) Dental services.
- (9) Laboratory and x-ray services.

(10) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices.

(11) Diagnostic, screening, and preventive services.

(12) Health care pre-payment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act.

(13) Transportation costs incurred solely for obtaining *emergency medical care or transportation costs incurred by non-ambulatory persons in obtaining emergency or non-emergency medical care* when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services.

(14) *To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining non-emergency medical care.*

(14) (15) Any other medical or remedial care licensed and recognized under state law.

Sec. 11. Minnesota Statutes, 1977 Supplement, Section 256B.04, Subdivision 12, is amended to read:

Subd. 12. Place limits on the types of services covered by medical assistance, the frequency with which the same or similar services may be covered by medical assistance for an individual recipient, and the amount paid for each covered service. *The state agency shall promulgate rules, including temporary rules, establishing maximum reimbursement rates for emergency and non-emergency ambulance transportation.*

Sec. 12. Minnesota Statutes 1976, Section 256B.041, Subdivision 6, is amended to read:

Subd. 6. The commissioners of public welfare and administration may contract with any agency of government or any corporation for providing all or a portion of the services for carrying out the provisions of this section. *Local welfare agencies may pay vendors of transportation for non-emergency medical care when so authorized by rule of the commissioner of public welfare.*

Sec. 13. *The commissioner of public welfare may issue temporary rules to implement sections 10 and 12.*

Sec. 14. *This act is effective on the day following final enactment.*"

Amend the title as follows:

Page 1, line 9, after "support;" insert "modifying reimbursement for transportation for medical assistance;"

Page 1, line 12, after "2;" insert "256B.02, Subdivision 8; 256B.041, Subdivision 6;"

Page 1, line 15, before the period insert "; and 256B.04, Subdivision 12"

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

Mr. Davies from the Committee on Judiciary, to which was referred

S. F. No. 1884: A bill for an act relating to Koochiching county; authorizing the county law library to be supported by judiciary imposed fee charges.

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

Page 1, line 16, strike "this act" and insert "sections 1 to 7"

Page 4, line 31, after "assessed" insert "against any person convicted of a petty misdemeanor nor"

Page 4, line 31, strike "where" and insert "in which"

Page 5, line 18, strike "This act is" and insert "Sections 1 to 7 are"

Page 5, after line 17 insert:

"Sec. 8. [PENNINGTON COUNTY LAW LIBRARY; ESTABLISHMENT.] The board of county commissioners of the county of Pennington may by resolution establish a fee system for the county law library for the use of the judges of the district and county courts, all county and municipal officials, the members of the bar and the inhabitants of the county.

Sec. 9. [MANAGEMENT.] The management of any library so established shall be under a board of three law library trustees, the members of which board shall serve without compensation and shall be appointed by the judges of the district and county courts in the county. The board shall first meet immediately after its appointment and shall hold its annual meeting thereafter on the first day of the first regular term of the district court in the county in each year, at which first meeting and at each annual meeting thereafter it shall select from its members a president and a secretary, who shall each hold his office until the following annual meeting. When the board is first appointed there shall be appointed one trustee whose term shall extend until the first annual meeting, one trustee whose term shall extend until the second annual meeting, and one trustee whose term shall extend until the third annual meeting of the board after such appointment. Immediately prior to each annual meeting there shall be appointed a trustee whose term shall commence at the annual meeting and extend until the third annual meeting after the annual meeting he takes his office. Vacancies in office shall be filled for the unexpired term.

Sec. 10. [BOARD OF TRUSTEES TO MAKE BYLAWS.] The board of trustees shall adopt and may from time to time thereafter amend and alter such bylaws, rules and regulations for the conduct of its business, the government of the library and the use thereof as shall be expedient and conformable to law. It may accept on behalf of the county a gift, grant, devise or bequest, or the loan of books or other property for the use or purposes of the library, and carry out the conditions of the donation or loan. It may purchase books or other library facilities upon conditional

sales contract, or otherwise, the purchase price therefor to be paid out of the county law library fund. The title to the library and the property thereof, except the books and property as shall be leased or loaned to it, shall vest and be in the county establishing the library. The board of trustees may sell or exchange items of the property of the library which it deems no longer suitable or advantageous for the purposes of the library, upon terms as it may deem best. It shall, before the second Monday of January of each year, file with the county auditor a report containing a detailed statement of the receipts and disbursements for the preceding year and a detailed inventory of the property belonging to the library and the property loaned or leased to it. The county board shall provide suitable rooms in the court house for the use of the library.

Sec. 11. [FEES FOR EXPENSES.] It shall be the duty of the clerk of the ninth judicial district and the duty of the clerk of court of the county court district of Marshall, Red Lake and Pennington to collect in each civil suit, action or proceeding filed in his court relating to Pennington county, in the manner in which other fees are collected therein, and in addition thereto, as a county law library fee:

(a) The sum of \$3 from the plaintiff or person instituting the suit, action or proceedings at the time of the filing of the first paper therein, and

(b) The sum of \$3 from the defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, to be collected when his or their appearance is entered in the action or proceeding or when the first paper on his or their part is filed therein.

The county law library fees shall be costs in the case and taxable as such. The provisions of this section shall not apply to actions or proceedings commenced by the state, the county or any municipality, to garnishment proceedings, to the filing of transcripts, to compensation awards or to complaints in intervention in receivership proceedings.

Sec. 12. [PROBATE FEES.] It shall be the duty of the clerk of court of the county court district of Marshall, Red Lake and Pennington in each proceeding in the county court relating to Pennington county in the matter of the estate of a deceased person looking to the entry of a decree determining the descent of real estate or of a decree or order for distribution of the estate, except in summary administrative procedures for small estates pursuant to Minnesota Statutes, Sections 524.3-1203 or 524.3-1204 or in summary proceedings instituted pursuant to Minnesota Statutes, Section 525.51, to collect, as a county law library fee, the sum of \$3 from the petitioner instituting the proceeding at the time of the filing of the first petition therein. The disbursement shall be an item of expense of administration of the estate, entitling the petitioner to reimbursement therefor out of the estate.

Sec. 13. [COSTS AND DISBURSEMENTS TO INCLUDE LIBRARY FEE.] In Pennington county there shall be included

in the costs or disbursements assessed against the defendant convicted in the district court or county court of the violation of any statute or municipal ordinance, in all criminal prosecutions in which, upon conviction, the defendant may now or hereafter be subject to the payment of the costs or disbursements of the prosecution in addition to a fine or other penalty, the sum of \$3, as a county law library fee. Upon the payment of the costs or disbursements it shall be the duty of the clerk of the district court and the clerk of the county court, in whose court the costs or disbursements are collected or paid, to report and remit the library fee at the time and in the manner specified in section 15. Provided, the item of costs or disbursements may not be assessed for any offense committed prior to the establishment of the county law library, and, provided further, that the item of costs or disbursements may not be assessed against any person convicted of a petty misdemeanor nor in any criminal case in which the fine assessed is \$10 or less.

Sec. 14. [FEES TO BE ALLOTTED TO LAW LIBRARY.] All county law library fees shall be allotted for the acquisition and maintenance of the law library. The clerk of the district court and the clerk of the county court making collection of the fees shall, prior to the fifth day of each month, make and file a report with the county auditor of all actions, proceedings and prosecutions in which the fees have been collected in his court during the preceding month, and the amount of the fees so collected, and pay the fees to the county treasurer, taking his receipt therefor. The county treasurer shall place all moneys so paid to him and all other moneys paid to him for the uses, benefit or purposes of the library in the county law library fund, and shall be authorized to disburse the moneys upon the order of the board of trustees, to pay the necessary expenses of acquiring, equipping and maintaining the library."

Page 5, line 20, after "645.021" insert "; and expire on July 1, 1980."

Page 5, after line 20, insert:

"Sec. 16. Sections 8 to 14 are effective upon approval by the county board of Pennington county, and upon compliance with Minnesota Statutes, Section 645.021; and expire on July 1, 1980."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, strike "county" and insert "and Pennington counties;"

Page 1, line 3, after "library" insert "in those counties"

Page 1, line 4, after "charges" insert "on civil and certain criminal cases"

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

Mr. Tennesen from the Committee on Commerce, to which was referred

H. F. No. 1424: A bill for an act relating to intoxicating liquor; permitting licensing and sale on certain tour boats; amending Minnesota Statutes 1976, Section 340.11, by adding a subdivision.

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

Page 1, lines 15, 17 and 21, strike "*such*" and insert "*the*"

Page 1, line 18, strike "*such*"

Page 2, line 1, strike "*such*" and insert "*liquor*"

Page 2, line 4, strike the first "*such*"

Page 2, line 4, strike the second "*such*" and insert "*liquor*"

Page 2, line 7, strike "*such*" and insert "*the*"

Page 2, lines 10 and 21, strike "*such*"

Page 2, line 19, strike "*such*" and insert "*a*"

Page 2, line 23, strike "\$500" and insert "\$1,000"

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

Mr. Willet from the Committee on Agriculture and Natural Resources, to which was referred

H. F. No. 1434: A bill for an act relating to natural resources; authorizing the commissioner of natural resources to convey the interests of the state in certain lands in Ottertail county for the purposes of correcting boundary description errors.

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

Mr. Willet from the Committee on Agriculture and Natural Resources, to which was referred

H. F. No. 1937: A bill for an act relating to pollution control; providing for the receipt and appropriation of certain funds by the pollution control agency; further regulating the transport of sewage sludge; amending Minnesota Statutes 1976, Section 115.06, Subdivision 2; and Minnesota Statutes, 1977 Supplement, Section 169.80, Subdivision 2.

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

Mr. Willet from the Committee on Agriculture and Natural Resources, to which was referred

H. F. No. 1394: A bill for an act relating to natural resources; directing the governor and the commissioner of natural resources

to continue efforts to enter into certain agreements with the state of Wisconsin to maximize the fishery potential of certain boundary waters; amending Minnesota Statutes 1976, Section 97.48, by adding a subdivision.

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

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1976, Chapter 99, is amended by adding a section to read:

[99.29] [FISH REFUGE; ESTABLISHMENT.] *Subdivision 1. The portion of the Mississippi river downstream from lock and dam No. 3 located at milepost 796.9 above the mouth of the Ohio river, to the downstream end of Diamond island located at milepost 794.8, is hereby designated as a fish refuge subject to the provisions of subdivision 2.*

Subd. 2. No person shall take any fish during the months of March and April of any year upon the fish refuge described in subdivision 1.

Subd. 3. This act shall be effective following conclusion of an agreement between the commissioner of natural resources and the appropriate authority in the state of Wisconsin. The agreement shall provide for creation of a similar fish refuge in Wisconsin waters described in subdivision 1."

Amend the title as follows:

Line 2, strike "directing the"

Strike lines 3 and 4

Line 5, strike "agreements" and insert "establishing a fish refuge after an agreement" and strike "to maximize" and insert a semicolon

Strike line 6

Line 7, strike "Section 97.48" and insert "Chapter 99"

Line 8, strike "subdivision" and insert "section"

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

Mr. Willet from the Committee on Agriculture and Natural Resources, to which was referred

H. F. No. 2242: A bill for an act relating to Yellow Medicine county; authorizing the expenditure of money by the county board to restore county ditch number nine.

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

Page 1, strike Section 2 and insert:

"Sec. 2. This act is effective upon adoption of a resolution or ordinance by the governing body of the county of Yellow Medicine and compliance with Minnesota Statutes, Section 645.021."

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

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

S. F. No. 1947: A bill for an act relating to retirement; the highway patrolmen's retirement fund; payment of survivor benefits; amending Minnesota Statutes 1976, Section 352B.11, Subdivision 2.

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

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1976, Section 352B.02, Subdivision 1, is amended to read:

352B.02 [RETIREMENT ASSOCIATION.] Subdivision 1. There is hereby established a highway patrolmen's retirement association, the membership of which shall consist of all persons defined in section 352B.01, subdivision 2. Each member shall pay a sum equal to eight percent of his monthly salary. Such amounts shall be deducted monthly by the department head, who shall cause the total amount of said monthly deductions to be paid to the state treasurer, and shall cause a detailed report of all monthly deductions to be made each month to the secretary of the association. In addition thereto, there shall be paid out of money appropriated for this purpose, monthly, by the department heads, a sum equal to 12 percent of the salary upon which deductions were made, and a sum equal to ~~ten~~ eight percent of the salaries upon which deductions were made for the purpose of amortizing the actuarial deficit of the fund, the same to be credited to the highway patrolmen's retirement fund. All moneys received by said association shall be deposited by the state treasurer in the highway patrolmen's retirement fund. Out of said fund shall be paid the expenses of the association, and the benefits and annuities as hereinafter provided."

Page 4, line 21, strike "*This act*" and insert "*Section 1 shall be effective July 1, 1978. Section 2*"

Page 4, line 24, strike "*this act*" and insert "*section 2*"

Renumber the sections in sequence

Amend the title as follows:

Line 4, strike "Section" and insert "Sections 352B.02, Subdivision 1; and"

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

Mr. Tennesen from the Committee on Commerce, to which was referred

H. F. No. 526: A bill for an act relating to insurance; providing for the procurement of insurance from and the regulation of surplus line insurers and agents; providing for the regulation and imposition of penalties on certain insurance agents; amending Minnesota Statutes 1976, Section 60A.20.

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

Page 4, line 12, after the semicolon insert "and"

Page 4, lines 15 to 20, strike the new language

Page 4, line 21, strike "(4)"

Page 5, strike lines 11 to 13

Page 7, line 7, strike "unauthorized"

Page 7, line 7, strike "insurer" and insert "agent"

Page 7, line 7, strike "write" and insert "procure"

Page 7, line 8, strike "in this state unless it" and insert "contracts from any unauthorized surplus line insurer unless the insurer"

Page 8, after line 2, insert:

"Unincorporated individual alien insurers shall, in lieu of the foregoing trust fund requirement, maintain in a bank that is a member of the Federal Reserve System assets held in trust for all their policyholders and beneficiaries in the United States of not less than \$50 million in aggregate."

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

Mr. Hughes from the Committee on Education, to which was referred the following appointment as reported in the Journal for January 17, 1978:

STATE BOARD FOR COMMUNITY COLLEGES

Elna Ponto

Reports the same back with the recommendation that the appointment be confirmed.

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

Mr. Hughes from the Committee on Education, to which was referred the following appointment as reported in the Journal for March 2, 1978:

STATE BOARD FOR COMMUNITY COLLEGES

Thomas D. Peacock

Reports the same back with the recommendation that the appointment be confirmed.

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

Mr. Hughes from the Committee on Education, to which was referred the following appointment as reported in the Journal for January 19, 1978:

STATE UNIVERSITY BOARD

Marian Keith

Reports the same back with the recommendation that the appointment be confirmed.

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

Mr. Hughes from the Committee on Education, to which were referred the following appointments as reported in the Journal for February 2, 1978:

COUNCIL ON QUALITY EDUCATION

Jan Storms

STATE BOARD OF EDUCATION

Louise R. Smerling

Reports the same back with the recommendation that the appointments be confirmed.

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

Mr. Hughes from the Committee on Education, to which was referred the following appointment as reported in the Journal for February 20, 1978:

COUNCIL ON QUALITY EDUCATION

Nancy Belbas

Reports the same back with the recommendation that the appointment be confirmed.

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

Mr. Gearty from the Committee on Elections, to which was referred the following appointment as reported in the Journal of March 1, 1978:

ETHICAL PRACTICES BOARD

Patrick Flanders

Reports the same back with the recommendation that the appointment not be confirmed.

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

Mr. Gearty from the Committee on Elections, to which were referred the following appointments as reported in the Journal for March 1, 1978:

ETHICAL PRACTICES BOARD

Vernon Jensen

Richard Temple

Reports the same back with the recommendation that the appointments be confirmed.

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

Mr. Coleman from the Committee on Rules and Administration, to which were referred H. F. Nos. 2419, 2005, 2096, 2176 for comparison with companion Senate Files, reports the following House Files were found identical and recommends the House Files be given their second reading and substituted for their companion Senate Files as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
2419	1952	2005	2287		
2096	1968				
2176	2023				

and that the above Senate Files be indefinitely postponed.

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

Mr. Coleman from the Committee on Rules and Administration, to which were referred H. F. Nos. 2014, 1851, 2048 for comparison with companion Senate Files, reports the following House Files were found not identical with their companion Senate Files as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
2014	2015				
1851	1957				
2048	2037				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 2014 be amended as follows:

Page 1, line 9, delete "with the approval of the"

Page 1, line 10, delete "Executive Council"

Page 1, line 11, delete ", historical"

Page 1, line 19, after the period insert "Prior to execution of the lease, the commissioner shall submit the proposed lease to the legislative commission on Minnesota resources for review and comment."

Page 2, line 1, delete "with the"

Page 2, line 2, delete "approval of the Executive Council"

Page 2, line 4, delete "an" and insert "a combination" and after "on-sale" insert "and off-sale"

And when so amended H. F. No. 2014 will be identical to S. F. No. 2015, and further recommends that H. F. No. 2014 be given its second reading and substituted for S. F. No. 2015, and that the Senate File be indefinitely postponed.

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

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 1851 be amended as follows:

Page 1, line 13, delete "*but not more than 11*"

And when so amended H. F. No. 1851 will be identical to S. F. No. 1957, and further recommends that H. F. No. 1851 be given its second reading and substituted for S. F. No. 1957, and that the Senate File be indefinitely postponed.

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

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 2048 be amended as follows:

Amend the title in line 2 after the semicolon by inserting "changing the" and after "of" insert "the"

And when so amended H. F. No. 2048 will be identical to S. F. No. 2037, and further recommends that H. F. No. 2048 be given its second reading and substituted for S. F. No. 2037, and that the Senate File be indefinitely postponed.

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

APPOINTMENTS

Mr. Coleman from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H. F. No. 1857: Messrs. Schmitz, Sillers and Setzepfandt.

H. F. No. 1191: Messrs. Hanson, McCutcheon, Davies, Stokowski and Frederick.

Mr. Coleman moved that the foregoing appointments be approved. The motion prevailed.

SECOND READING OF SENATE BILLS

S. F. Nos. 1874, 1628, 1721, 1930, 1654, 1876, 2230 and 1947 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

SECOND READING OF HOUSE BILLS

H. F. Nos. 2242, 2419, 2096, 2176, 2005, 2014, 1851 and 2048 were read the second time.

H. F. Nos. 1773, 2372, 2003, 1826, 1424, 1434, 1937, 1394 and 526 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS

Mr. Merriam moved that H. F. No. 2204 be withdrawn from the Committee on Elections and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 1874. The motion prevailed.

Mr. Strand moved that H. F. No. 1859 be withdrawn from the Committee on Governmental Operations and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 1809 now on General Orders. The motion prevailed.

SPECIAL ORDER

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated S. F. No. 1594 a Special Order to be heard immediately.

S. F. No. 1594: A bill for an act relating to education; pupils; requiring a school breakfast program in each district.

Mr. Benedict moved to amend S. F. No. 1594 as follows:

Page 1, line 8, after "Each" insert "public elementary, middle and secondary"

Page 1, line 8, strike "district in the state" and insert "which is located in whole or in part within St. Louis county or within the metropolitan area, as defined in section 473.121, subdivision 2,"

Page 1, line 9, strike "September 1" and insert "January 7"

Page 1, line 13, strike "that can demonstrate" and insert "which demonstrates"

Page 1, line 14, strike "incurred by" and insert "attributable to"

Page 1, line 15, strike "income" and insert "potential revenue"

Page 1, line 16, strike "that" and insert "which"

Page 1, line 16, strike "would" and insert "could"

Further, amend the title as follows:

Page 1, line 3, after "district" insert "which is located within St. Louis county or the metropolitan area"

Mr. Keefe, J. moved to amend the Benedict amendment to S. F. No. 1594, as follows:

Line 4, strike "St. Louis County" and insert "the cities of Duluth, Minneapolis, St. Paul,"

Line 4, strike "within the metropolitan area, as"

Strike line 5, and insert "Bloomington"

Further, amend the title as follows:

Strike the Benedict amendment to the title, page 1, line 3, and insert:

Page 1, line 3, after "district" insert "which is located within the cities of Duluth, Minneapolis, St. Paul and Bloomington"

The motion prevailed. So the amendment to the Benedict amendment was adopted.

The question recurred on the Benedict amendment, as amended.

The motion prevailed. So the amendment, as amended, was adopted.

Mr. Merriam moved to amend S. F. No. 1594 as follows:

Page 1, line 6, strike "Subdivision 1. This section may be cited"

Page 1, strike line 7

Strike the Benedict amendments to page 1, line 8

Page 1, line 8, strike "Subd. 2. Each school district in the state" and insert "The commissioner of education"

Page 1, line 9, after "1979," insert "strongly encourage each school district in the state to"

Page 1, line 9, after "participate" insert "on a voluntary basis"

Page 1, strike lines 12 to 16

Further, amend the title as follows:

Page 1, line 2, after "requiring" insert "the commissioner of education to encourage"

Page 1, line 2, after "a" insert "voluntary"

Strike the Benedict amendment to the title, page 1, line 3

The motion did not prevail. So the amendment was not adopted.

S. F. No. 1594: A bill for an act relating to education; pupils; requiring a school breakfast program in each district which is located within the cities of Duluth, Minneapolis, St. Paul and Bloomington.

Was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 22 and nays 40, as follows:

Those who voted in the affirmative were:

Borden	Gunderson	Lewis	Spear	Vega
Chenoweth	Hughes	Luther	Staples	Willet
Coleman	Johnson	McCutcheon	Stokowski	
Dieterich	Keefe, S.	Schmitz	Stumpf	
Gearty	Knoll	Solon	Ulland, J.	

Those who voted in the negative were:

Ashbach	Engler	Knutson	Ogdahl	Renneke
Bang	Frederick	Laufenburger	Olhoft	Schaaf
Benedict	Hanson	Lessard	Olson	Setzepfandt
Bernhagen	Jensen	Menning	Penny	Sieloff
Brataas	Keefe, J.	Merriam	Perpich	Sillers
Chmielewski	Kirchner	Moe	Peterson	Strand
Davies	Kleinbaum	Nelson	Pillsbury	Ueland, A.
Dunn	Knaak	Nichols	Purfeerst	Wegener

So the bill failed to pass.

SPECIAL ORDER

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated H. F. No. 2493 a Special Order to be heard immediately.

H. F. No. 2493: A bill for an act relating to public improvements; authorizing alteration, repair, rehabilitation, equipping, and replacement of equipment of public buildings with certain conditions; postponing deadline for submission of capital budget; authorizing purchase and sale of public lands and buildings; limiting construction of acoustical barriers; appropriating money; amending Minnesota Statutes 1976, Section 16A.11, Subdivision 1; Minnesota Statutes, 1977 Supplement, Section 161.125, Subdivision 1; repealing Laws 1977, Chapter 454, Section 16.

Mr. Frederick moved to amend H. F. No. 2493, as amended by the Senate pursuant to Rule 49, adopted March 8, 1978, as follows:

(The text of the amended house file is identical to S. F. No. 2370)

Page 2, line 2, delete "5,253,490" and insert "10,506,980"

Page 2, line 5, delete "\$22,218,277" and insert "\$27,471,767"

Page 2, line 6, delete "16,638,962" and insert "21,892,452"

Page 6, delete lines 1 and 2 and insert

"Subd. 6. Town road bridge structures 5,253,490

This appropriation is added to the amounts provided for fiscal 1978 pursuant to section 161.082, subdivision 2a.

This appropriation is from the trunk highway fund."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 39, as follows:

Those who voted in the affirmative were:

Bang	Frederick	Lessard	Purfeerst	Sikorski
Bernhagen	Gunderson	Menning	Renneke	Ueland, A.
Brataas	Jensen	Penny	Schmitz	
Engler	Knutson	Pillsbury	Sieloff	

Those who voted in the negative were:

Anderson	Hanson	Lewis	Perpich	Strand
Benedict	Hughes	Luther	Peterson	Stumpf
Borden	Johnson	McCutcheon	Schaaf	Tennessen
Chenoweth	Keefe, J.	Merriam	Setzepfandt	Ulland, J.
Chmielewski	Keefe, S.	Moe	Solon	Vega
Coleman	Kleinbaum	Nelson	Spear	Wegener
Davies	Knoll	Olhoft	Staples	Willet
Gearty	Laufenburger	Olson	Stokowski	

The motion did not prevail. So the amendment was not adopted.

CALL OF THE SENATE

Mr. Davies imposed a call of the Senate for the balance of the proceedings on H. F. Nos. 2493 and 2494. The following Senators answered to their names:

Anderson	Gunderson	Luther	Purfeerst	Strand
Bang	Hanson	McCutcheon	Renneke	Stumpf
Benedict	Jensen	Menning	Schaaf	Tennessen
Bernhagen	Keefe, J.	Merriam	Schmitz	Ueland, A.
Borden	Keefe, S.	Moe	Schrom	Ulland, J.
Brataas	Kirchner	Nelson	Setzepfandt	Vega
Chmielewski	Kleinbaum	Olhoft	Sieloff	Wegener
Coleman	Knaak	Olson	Sikorski	Willet
Davies	Knutson	Penny	Sillers	
Dunn	Laufenburger	Perpich	Solon	
Engler	Lessard	Peterson	Spear	
Frederick	Lewis	Pillsbury	Staples	

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

Mr. Frederick then moved to amend H. F. No. 2493, as amended by the Senate pursuant to Rule 49, adopted March 8, 1978, as follows:

(The text of the amended house file is identical to S. F. No. 2370)

Page 2, line 6, delete "16,638,962" and insert "21,892,452"

Page 2, line 8, delete "5,340,975" and insert "87,485"

Page 6, delete lines 1 and 2

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 14 and nays 41, as follows:

Those who voted in the affirmative were:

Bang	Engler	Knaak	Pillsbury	Sillers
Bernhagen	Frederick	Knutson	Purfeerst	Ueland, A.
Brataas	Keefe, J.	Penny	Renneke	

Those who voted in the negative were:

Anderson	Hanson	Luther	Schaaf	Stumpf
Borden	Jensen	McCutcheon	Schmitz	Tennessen
Chmielewski	Johnson	Menning	Schrom	Ulland, J.
Coleman	Keefe, S.	Merriam	Setzepfandt	Wegener
Davies	Kleinbaum	Moe	Solon	Willet
Dieterich	Knoll	Nelson	Spear	
Dunn	Laufenburger	Olhoft	Staples	
Gearty	Lessard	Perpich	Stokowski	
Gunderson	Lewis	Peterson	Strand	

The motion did not prevail. So the amendment was not adopted.

H. F. No. 2493 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

Without objection, the Senate reverted to the Order of Business of Executive and Official Communications.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

March 8, 1978

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

The following appointment to the Board of the Arts is hereby respectfully submitted to the Senate for confirmation as required by law:

Stephen F. Keating, 688 Hillside Dr., Wayzata, Hennepin County, has been appointed by me, effective January 12, 1978, for a term expiring the first Monday in January, 1982.

Sincerely,
Rudy Perpich, Governor

Referred to the Committee on General Legislation and Veterans Affairs.

Without objection, the Senate reverted to the Order of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was re-referred

S. F. No. 1755: A bill for an act relating to trees; clarifying municipal costs eligible for reimbursement by the state; authorizing municipal subsidies to certain persons; requiring an investigation of uses of diseased wood; authorizing the transfer of certain trees purchased from the state; extending the special levy authority for sanitation and reforestation; clarifying utilization of appropriations for shade tree disease control; authorizing extension of temporary rules; appropriating money; amending Minnesota Statutes 1976, Sections 89.38 and 89.391; and Minnesota Statutes, 1977 Supplement, Sections 18.023, Subdivisions 3a, 4 and 11; and 275.50, Subdivision 6.

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

Page 6, line 7, restore the stricken language

Page 6, line 8, after "~~1978~~" insert "*1979, payable in 1980*"

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 2051: A bill for an act relating to taxation; conforming deductions for individual income tax; reducing certain income tax rates; increasing credits available to certain taxpayers; authorizing the commissioner of revenue to prescribe new forms; exempting newsprint and ink from sales tax; repealing employer's excise tax; amending Minnesota Statutes 1976, Sections 290.06, Subdivision 3d; 290.10; 297A.14; 297A.25, Subdivision 1; and Minnesota Statutes, 1977 Supplement, Sections 290.06, Subdivision 2c; 290.09, Subdivisions 4, 5, and 10; and 290.21, Subdivision 3; repealing Minnesota Statutes 1976, Sections 290.031, Subdivisions 1, 2, 3, 5 and 6; 290.21, Subdivision 7; and Minnesota Statutes, 1977 Supplement, Section 290.031, Subdivision 4.

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

Strike everything after the enacting clause and insert:

“ARTICLE I

Section 1. Minnesota Statutes 1976, Section 290.06, Subdivision 3d, is amended to read:

Subd. 3d. [CREDITS AGAINST TAX.] The taxes due as computed in accordance with section 290.06, subdivisions 2c and 3c shall be credited with the following amounts:

(1) A credit equal to his tax liability in the case of:

(a) An unmarried claimant with an income of \$4,400 \$4,800 or less;

(b) A claimant with one dependent, with an income of \$5,200 \$5,800 or less;

(c) A claimant with two dependents, with an income of \$6,000 \$6,900 or less;

(d) A claimant with three dependents, with an income of \$6,700 \$7,800 or less;

(e) A claimant with four dependents, with an income of \$7,300 \$8,400 or less; and

(f) A claimant with five or more dependents, with an income of \$7,800 \$8,900 or less.

(2) In the case of a claimant with an income in excess of that set forth in the appropriate category of clause (1), he may pay a tax equal to 15 percent of that portion of his income that is in excess of the amount set forth in the appropriate category of clause (1), or his tax obligation as it would have been in the absence of section 290.012 and this subdivision, whichever is less.

(3) The total income of the claimant and his spouse, if any, shall be the figure employed for the purposes of this subdivision.

No individual dependent upon and receiving his chief support from any other individual may be a claimant under section 290.012 and this subdivision. The commissioner of revenue shall prescribe the additional forms or alterations in existing forms as necessary to comply with the provisions of section 290.012 and this subdivision. All claimants shall submit their returns on these forms.

Sec. 2. [EFFECTIVE DATE.] *This article is effective for taxable years beginning after December 31, 1977.*

ARTICLE II

Section 1. Minnesota Statutes 1976, Section 297A.14, is amended to read:

297A.14 [USING, STORING OR CONSUMING TANGIBLE PERSONAL PROPERTY; ADMISSIONS; UTILITIES.] For the privilege of using, storing or consuming in Minnesota tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service purchased for use, storage or consumption in this state, there is hereby imposed on every person in this state a use tax at the rate of four percent of the sales price of sales at retail of any of the aforementioned items made to such person after October 31, 1971, unless the tax imposed by section 297A.02 was paid on said sales price.

Motor vehicles subject to tax under this section shall be taxed at the fair market value at the time of transport into Minnesota if such motor vehicles were acquired more than three months prior to its transport into this state.

Notwithstanding any other provisions of sections 297A.01 to 297A.44 to the contrary, the cost of paper and ink products exceeding \$100,000 in any calendar year, used or consumed in producing a publication as defined in section 297A.25, subdivision 1, clause (i) is subject to the tax imposed by this section.

Sec. 2. Minnesota Statutes 1976, Section 297A.25, Subdivision 1, is amended to read:

297A.25 [EXEMPTIONS.] Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products;

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of

health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

(c) The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(e) The gross receipts from the sale of packing materials used to pack and ship household goods, the ultimate destination of which is outside the state of Minnesota and which are not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars.

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material.

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives,

hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases.

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property ~~(except as provided in section 207A.14)~~ which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, Section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale;

(l) The gross receipt from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

(m) The gross receipts from sales of airlight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airlight equipment, and flight simulators.

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed.

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders;

(q) The gross receipts from the sale of caskets and burial vaults;

(r) The gross receipts from the sale of cigarettes.

(s) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, Section 1901, as amended.

(t) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect.

(u) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, Sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in Title 38 United States Code, Chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph.

(v) The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meet standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25.

(w) The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota.

Sec. 3. [EFFECTIVE DATE.] *This article is effective July 1, 1978.*

ARTICLE III

Section 1. [REPEALER.] *Minnesota Statutes 1976, Sections 290.031, Subdivisions 1, 2, 3, 5 and 6; 290.921; and 290.922; and Minnesota Statutes, 1977 Supplement, Section 290.031, Subdivision 4, are repealed.*

Sec. 2. [EFFECTIVE DATE.] *This article is effective for compensation paid after June 30, 1978.*

ARTICLE IV

Section 1, Minnesota Statutes, 1977 Supplement, Section 290.06, Subdivision 3c, is amended to read:

Subd. 3c. [CREDITS AGAINST TAX.] *Notwithstanding the provisions of subdivision 2a Except as provided in subdivision 3e, for taxable years which begin after December 31, 1977, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:*

(1) In the case of an unmarried individual, and, except as provided in paragraph 6, in the case of the estate of a decedent, \$20 \$45 , and in the case of a trust, \$5;

(2) In the case of a married individual, living with husband or wife, and in the case of head of a household, \$60 \$90 . If such husband and wife make separate returns the personal exemption may be taken by either or divided between them;

(3) In the case of an individual, \$30 \$45 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. In the case of the head of a household, a credit for one dependent shall be disallowed. A payment to a divorced or separated wife, other than a payment of the kind referred to in section 290.072, subdivision 3, shall not be considered a payment by the husband for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$30 \$45 ;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$30 \$45 ;

(c) In the case of a married individual, living with husband or wife, an additional \$30 \$45 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$30 \$45 for each spouse who is blind at the close of the individual's taxable year. If such husband and wife make separate returns, these credits may be taken by either or divided between them;

(d) *In the case of an individual, an additional \$45 for each person, other than a spouse, who is blind and dependent upon and receiving his chief support from the taxpayer;*

~~(d)~~ (e) For the purposes of sub-paragraphs (b) and , (c) and (d) of paragraph (4), an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

~~(e)~~ (f) In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$30 \$45 .

~~(f)~~ (g) In the case of a married individual, an additional \$30 \$45 for each spouse who is deaf at the close of the taxable year. If the husband and wife make separate returns, these credits may be taken by either or divided between them.

~~(g)~~ (h) In the case of an individual, an additional \$30 \$45 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

~~(h)~~ (i) For the purposes of subparagraphs ~~(e)~~ (f), and (g) and ~~(h)~~ of paragraph (4), an individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse.

(5) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under Extra Session Laws 1967, Chapter 32, is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended;

(6) In the case of a non-resident individual, credits under paragraphs 1, 2, 3 and 4 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income from all sources, and in any event a minimum credit of \$5 shall be allowed.

Sec. 2. Minnesota Statutes 1976, Section 290.06, is amended by adding a subdivision to read:

Subd. 3e. [CREDITS AGAINST TAX.] Notwithstanding the provisions of subdivision 3c for taxable years which begin after December 31, 1978, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) In the case of an unmarried individual, and, except as provided in paragraph 6, in the case of the estate of a decedent, \$50, and in the case of a trust, \$5;

(2) In the case of a married individual, living with husband or wife, and in the case of a head of a household, \$100. If such husband and wife make separate returns the personal exemption may be taken by either or divided between them;

(3) In the case of an individual, \$50 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. In the case of the head of a household, a credit for one dependent shall be disallowed. A payment to a divorced or separated wife, other than a payment of the kind referred to in section 290.072, subdivision 3, shall not be considered a payment by the husband for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$50;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$50;

(c) In the case of a married individual, living with husband or wife, an additional \$50 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$50 for each spouse who is blind at the close of the indi-

vidual's taxable year. If such husband and wife make separate returns, these credits may be taken by either or divided between them;

(d) In the case of an individual, an additional \$50 for each person other than a spouse, who is blind and dependent upon and receiving his chief support from the taxpayer;

(e) For the purposes of sub-paragraphs (b), (c), and (d) of paragraph (4), an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(f) In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$50.

(g) In the case of a married individual, an additional \$50 for each spouse who is deaf at the close of the taxable year. If the husband and wife make separate returns, these credits may be taken by either or divided between them.

(h) In the case of an individual, an additional \$50 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

(i) For the purposes of subparagraphs (f), (g), and (h) of paragraph (4), an individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse.

(5) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under Extra Session Laws 1967, Chapter 32, is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended;

(6) In the case of a non-resident individual, credits under paragraphs 1, 2, 3 and 4 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income from all sources, and in any event a minimum credit of \$5 shall be allowed.

Sec. 3. [REPEALER.] Minnesota Statutes 1976, Section 290.06, Subdivisions 3a and 3b are repealed.

ARTICLE V

Section 1. Minnesota Statutes 1976, Section 290.06, is amended by adding a subdivision to read:

Subd 3e. [HOMEMAKER CREDIT.] A credit of \$50 may be deducted from the tax due from the taxpayer and his spouse, if any, under Chapter 290 if either the taxpayer or his spouse devotes his time to caring for his children and their home and is not employed outside of the home. A taxpayer would qualify for the

credit if he has a child who is twelve years of age or younger residing in his home at any time during the taxable year and if either the taxpayer or his spouse remains unemployed throughout the taxable year for the purpose of caring for the child in the home. A married claimant shall file his income tax return for the year for which he claims the credit either jointly or separately on one form with his spouse. In the case of the married claimant, only one spouse may claim the credit.

Sec. 2. [EFFECTIVE DATE.] *This article is effective for taxable years beginning after December 31, 1977.*

ARTICLE VI

Section 1. Minnesota Statutes, 1977 Supplement, Section 290.06, Subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULE OF RATES FOR INDIVIDUALS, ESTATES AND TRUSTS.] (a) For taxable years beginning after December 31, 1977, the income taxes imposed by this chapter upon individuals, estates and trusts, other than those taxable as corporations, shall be computed by applying to their taxable net income in excess of the applicable credits allowed by section 290.21, the following schedule of rates:

- (1) On the first \$500, one and six-tenths percent;
- (2) On the second \$500, two and two-tenths percent;
- (3) On the next \$1,000, three and five-tenths percent;
- (4) On the next \$1,000, five and eight-tenths percent;
- (5) On the next \$1,000, seven and three-tenths percent;
- (6) On the next \$1,000, eight and eight-tenths percent;
- (7) On the next \$2,000, ten and two-tenths percent;
- (8) On the next \$2,000, eleven and five-tenths percent;
- (9) On the next \$3,500, twelve and eight-tenths percent;
- (10) On all over \$12,500, and not over \$20,000, fourteen percent;
- (11) On all over \$20,000 and not over ~~\$25,000~~ \$35,000 , fifteen percent;
- (12) On all over \$25,000 and not over \$35,000, sixteen percent;
- ~~(13) On all over \$35,000 and not over \$50,000, seventeen sixteen percent;~~
- ~~(14) (13) On the remainder, eighteen seventeen percent.~~

(b) In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year, reduced by the applicable credits allowed by section 290.21, is less than \$20,000 shall be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be com-

puted at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

ARTICLE VII

Section 1. Minnesota Statutes, 1977 Supplement, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include "exempt function income" of a "homeowners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended.

For each of the taxable years beginning after December 31, 1960 and prior to January 1, 1971, the term "gross income" in its application to individuals, estates, and trusts, shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through December 31, 1970 for the applicable taxable year, with the modifications specified in this section.

For each of the taxable years beginning after December 31, 1970, the term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this section.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1970, shall be in effect for taxable years beginning after December 31, 1970 and prior to January 1, 1973.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1972, shall be in effect for taxable years beginning after December 31, 1972.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1973, shall be in effect for taxable years beginning after December 31, 1973.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H.R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the

taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of chapter 290 at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for non-recognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any such other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Interest income on obligations of any authority, commission, or instrumentality of the United States, which the laws of the United States exempt from federal income tax, but not from state income taxes;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for such reimbursed expenditure resulted in a tax benefit;

(6) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for such previous taxable year.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint or separate Minnesota income tax returns. In the case of separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her separate Minnesota income tax return for such previous taxable year;

(7) In the case of a change of residence from Minnesota to

another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) In the case of property disposed of on or after January 1, 1973, the amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954, as amended through December 31, 1976, to the extent of the credit under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, that was previously allowed as a deduction either under section 290.01, subdivision 20 (b) (9) or under section 290.09, subdivision 24; and

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101; and

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(13) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, as amended through December 31, 1976, if the nonprofit corporation is domiciled outside of Minnesota;

(14) Exempt-interest dividends, as defined in section 852(b) (5) (A) of the Internal Revenue Code of 1954, as amended through December 31, 1976, not included in federal adjusted gross income pursuant to section 852(b) (5) (B) of the Internal Revenue Code of 1954, as amended through December 31, 1976, except for that portion of such exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(15) The amount of any excluded gain realized by a trust on the sale or exchange of property as defined in section 641(c) (1).

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to fifty per centum of such portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of such securities but includible in gross income for federal income tax purposes;

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from such losses;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether such amount is received as a refund or credited to another taxable year's income tax liability;

(6) The amount of any pension or benefit which is excluded from gross income under the provisions of section 290.08, subdivision 6; and

(7) In the case of property acquired on or after January 1, 1973, the amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

~~(10)~~ (8) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later; and

(9) The amount of any credit against the taxpayer's federal tax liability for the preceding taxable year provided for expenditures for tuition for post-secondary education.

(c) Modifications affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954, or section 290.972 of this chapter.

(1) Shareholders in a small business corporation, which has elected to be so taxed under the Internal Revenue Code of 1954, but has not made an election under section 290.972 of this chapter, shall deduct from federal adjusted gross income the amount of any imputed income from such corporation and shall add to federal adjusted gross income the amount of any loss claimed as a result of such stock ownership. Also there shall be added to federal adjusted gross income the amount of any distributions in cash or property made by said corporation to its shareholders during the taxable year.

(2) In cases where the small business corporation has made

an election under section 1372 of the Internal Revenue Code of 1954, but has not elected under section 290.972 of this chapter and said corporation is liquidated or the individual shareholder disposes of his stock and there is no capital loss reflected in federal adjusted gross income because of the fact that corporate losses have exhausted the shareholders basis for federal purposes, such shareholders shall be entitled, nevertheless, to a capital loss commensurate to their Minnesota basis for the stock.

(3) In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under section 290.972 of this chapter and at the close of the taxable year immediately preceding the effective election under section 290.972 the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that such reserve is distributed to shareholders such distribution shall be taxed as a dividend for purposes of this act.

Items of gross income includible within these definitions shall be deemed such regardless of the form in which received. Items of gross income shall be included in gross income of the taxable year in which received by a taxpayer unless properly to be accounted for as of a different taxable year under methods of accounting permitted by section 290.07, except that (1) amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that such amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act.

(d) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1(2) in computing Minnesota inheritance tax liability shall not be allowed as a deduction in computing the taxable income of the estate unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have such amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 2. [EFFECTIVE DATE.] *This article is effective for taxable years beginning after December 31, 1978.*

ARTICLE VIII

Section 1. [DEFINITIONS.] *Subdivision 1. For the purposes of sections 1 and 2 the following terms shall have the meanings given them in this section.*

Subd. 2. "Electric utility" means a person, corporation or other legal entity operating equipment or facilities in this state for furnishing electric service to the public at retail or to its members.

Subd. 3. "Major electric generating facility" means a facility designed for operation at a capacity of 200 megawatts or more, capable of producing electrical energy for the purpose of transmission and distribution to a consumer.

Subd. 4. "Taxing district" means a county, city, town, school district, special district or other governmental entity permitted to levy ad valorem taxes.

Subd. 5. "Taxes" shall include payments made to taxing authorities in lieu of taxes by municipal power agencies pursuant to Minnesota Statutes, Section 453.54, Subdivision 20.

Sec. 2. [TAX LEVIED BY LOCAL TAXING DISTRICTS ON MAJOR ELECTRIC GENERATING FACILITIES.] *A taxing district having a major electric generating facility within its boundaries shall spread its levy on 100 percent of the assessed value of the land and structures used by the electric utility on the site. If the assessed value of the taxable attached machinery at the facility does not increase from its assessed value for the 1977 assessment year in subsequent years, the taxing district shall also spread its levy against 100 percent of the current taxable value of the attached machinery. If the assessed value of the taxable attached machinery at the facility does increase from the assessed value of the taxable attached machinery for the 1977 assessment year in subsequent years, the taxing district shall also spread its levy on 100 percent of the assessed value of the taxable attached machinery for the 1977 assessment year and 20 percent of the subsequent net increase in the assessed value of the taxable attached machinery at that facility. The remainder of the subsequent net increase in the assessed value of the taxable attached machinery shall be exempt from ad valorem taxation.*

Sec. 3. [EFFECTIVE DATE.] *Sections 1 and 2 are effective for taxes levied in 1978, payable in 1979 and subsequent years.*

ARTICLE IX

Section 1. Minnesota Statutes, 1977 Supplement, Section 290.06, Subdivision 9a, is amended to read:

Subd. 9a. [FEEDLOT POLLUTION CONTROL EQUIPMENT.] *A credit of 10 percent of the net cost of pollution control and abatement equipment, including but not limited to, lagoons,*

concrete storage pits, slurry handling equipment, and other equipment and devices approved by the pollution control agency, purchased, installed and operated within the state by a feedlot operator to prevent pollution of air, land, or water in connection with the operation of a livestock feedlot, poultry lot or other animal lot, may be deducted from the tax due under this chapter in the taxable year in which such equipment is purchased; provided that no deduction shall be taken for any portion of the cost of the same equipment pursuant to subdivision 9. The credit provided for in subdivision 9 shall terminate on December 31, 1976. The credit provided for in this subdivision shall terminate on December 31, 1980, except any amounts that are carried forward to a subsequent year may be taken as a credit in such subsequent years.

If the amount of the credit provided by this subdivision exceeds the taxpayer's liability for taxes pursuant to chapter 290 in the taxable year, *beginning after December 31, 1972*, in which the equipment is purchased, the excess amount may be carried forward to the four taxable years following the year of purchase. The entire amount of the credit not used in the year purchased shall be carried to the earliest of the four taxable years to which the credit may be carried and then to each of the three successive taxable years.

Sec. 2. Minnesota Statutes 1976, Section 290A.03, Subdivision 6, is amended to read:

Subd. 6. [HOMESTEAD.] "Homestead" means the dwelling occupied by a claimant as a place of residence and so much of the land surrounding it, not exceeding *one acre ten acres*, as is reasonably necessary for use of the dwelling as a home, except that this restriction shall not be applicable to agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 6. The homestead may be owned or rented and may be a part of a multi-dwelling or multi-purpose building and the land on which it is built. A mobile home, as defined in section 168.011, subdivision 8, assessed as personal property may be a dwelling for purposes of this subdivision.

Sec. 3. Minnesota Statutes, 1977 Supplement, Section 298.28, Subdivision 1, is amended to read:

298.28 [DIVISION AND DISTRIBUTION OF PROCEEDS.] Subdivision 1. The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certificate of the commissioner of revenue to the general fund of the state, be paid by the commissioner of revenue as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton", to the city or town in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds

of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court of appeals at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) 12.5 cents per taxable ton, *less any amount distributed under clause 8*, to the taconite municipal aid account in the apportionment fund of the state treasury, to be distributed as provided in section 298.282.

(3) 29 cents per taxable ton to school districts to be distributed as follows:

(a) 6 cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, *less any amount distributed under part (c)*, shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 or in which is located property which is entitled to the reduction of tax pursuant to section 273.135, subdivision 2, clause (c). The 23 cents, *less any amount distributed under part (c)*, shall be distributed in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its permitted levy for the prior year, computed pursuant to section 275.125, comprises of the sum of permitted levies for the prior year for all qualifying districts, computed pursuant to section 275.125. That portion of the amount so distributed to a school district which is not deducted from state aids in section 124.212, subdivision 8a, shall be included in computing the permissible levies under section 275.125. For purposes of distributions pursuant to this part, permitted levies for the prior year computed pursuant to section 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2a, clause (4).

(c) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, *less any amount which is to be distributed pursuant to part (b)*. The commissioner shall follow the apportionment formula prescribed in clause (1).

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

(c) 4 cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 25.75 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) 1 cent per taxable ton to the state.

(7) 3 cents per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund for the purposes of section 298.22. Of this amount, one cent per taxable ton is to be used to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60 issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134.

(8) .20 cent per taxable ton shall be paid in 1979 and each year thereafter, to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

~~(8)~~ (9) the amounts determined under clauses (4) (a), (4) (c),

and (5) shall be increased in 1979 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1.

~~(9)~~ (10) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to ~~(8)~~ (9) and parts (a), (b), (c), and (d) of this clause have been made shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection fund created in section 298.292 as follows: In 1978, 1979, 1980, 1981, and 1982, two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection fund; in 1983 and thereafter, one-half to each fund. The proceeds shall be placed in the respective special accounts in the general fund.

(a) In 1978 and each year thereafter, there shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977.

(b) In 1978 and each year thereafter, there shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

(c) In 1978 and each year thereafter, \$50,000 shall be distributed to the department of revenue for auditing and enforcing the production tax imposed by Laws 1977, Chapter 423, Article 10.

(d) In 1978 and 1979, \$150,000 shall be distributed to the department of revenue for the purpose of administering section 298.48. In 1980 and each year thereafter, \$100,000 shall be distributed to the department of revenue. On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district, city or town which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be distributable to each such district in the next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of revenue. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate.

The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county, city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year, except that in 1978 and 1979 two cents per taxable ton, and in 1980 and thereafter, one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.27, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of revenue pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to sections 275.125 or 275.50 to 275.59 has been made, if the taxes distributable to any such county, city or school district are greater than the amount estimated to be paid to any such county, city or school district in such year, the excess of such distribution shall be held in a special fund by the county, city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.125 or 275.50 to 275.59, of such county, city or school district payable in such year. If the amounts distributable to any such county, city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such county, city or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.125 or 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the iron range resources and rehabilitation board, to the range association of municipalities and schools, to the taconite environmental protection fund, and to the northeast Minnesota economic protection fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

Sec. 4. Minnesota Statutes, 1977 Supplement, Section 298.293, is amended to read:

298.293 [DECLARATION OF EMERGENCY; EXPENDING FUNDS.] The funds provided by section 298.28, subdivision 1, clause (9), relating to the northeast Minnesota economic protection fund shall not be expended prior to (a) a declaration by the governor to the effect that the economic situation of northeast Minnesota requires remedial action by the legislature as a result of a decline in mineral-related activities, and (b) an appropriation of the funds by the legislature. The governor shall recommend to the legislature those measures that he believes will be appropriate in order to accomplish the purpose of his declaration. The funds provided by this fund may be spent only in those areas that are tax relief areas as defined in section 273.134. The funds provided by section 298.28, subdivision 1, clause (9), for this fund shall not be expended for this purpose prior to January 1, 2002. *If during any year the taconite property tax account under sections 273.134 to 273.136 does not contain sufficient funds to pay the property tax relief specified, there is appropriated from this fund to the relief account sufficient funds to pay the relief specified in sections 273.134 to 273.136.*

Sec. 5. [EFFECTIVE DATE.] *Section 1 is effective for taxable years beginning after December 31, 1973. Section 2 is effective for claims based on rent paid in 1978 and subsequent years and property taxes payable in 1979 and subsequent years. Section 3 is effective July 1, 1978."*

Amend the title as follows:

Page 1, line 2, strike "conforming deductions for"

Page 1, strike lines 3 to 16 and insert "increasing low income credits; eliminating the sales tax on newsprint and ink; repealing the employer's excise tax; increasing personal credits; providing additional personal credits for blind dependent and for homemakers; reducing certain income tax rates; exempting from income taxation amounts realized as federal tax credits for educational expenses; exempting from property taxation a portion of increased value of major electric generating facilities; providing for retroactive carryforward of feedlot pollution control credit; increasing the size of a homestead qualifying for property tax refund; providing for distribution of taconite production tax to the range association of municipalities and schools; providing funds for taconite property tax relief account; appropriating money; amending Minnesota Statutes 1976, Sections 290.06, Subdivision 3d, and by adding subdivisions; 290A.03, Subdivision 6; 297A.14; 297A.25, Subdivision 1; and Minnesota Statutes, 1977 Supplement, Sections 290.01, Subdivision 20; 290.06, Subdivisions 2c, 3c, and 9a; 298.28, Subdivision 1; and 298.293; repealing Minnesota Statutes 1976, Section 290.031, Subdivisions 1, 2, 3, 5, and 6; 290.06, Subdivisions 3a and 3b; 290.921; and 290.922; and Minnesota Statutes, 1977 Supplement, Section 290.031, Subdivision 4."

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

Mr. Coleman from the Subcommittee on Bill Scheduling to which were referred S. F. Nos. 1954, 2193, 1900, 1850, 1772, 2294, 2281, 2152, 1648, 1861, 2003, 2143, 2361, 1804, 2139, 2041, 2348, 1836, 2274, 2372, 1871, 1273, 1529, 1948, 2204, 1644, 2105, 1770, 1590, 2316, 2076, 1663, 2355, 2356, 2082, 1918, 633, 1983, 2181, 507, 1364, 2081, 2075, 2251, 1543, 1623, 1450, 1427 and H. F. Nos. 1119, 1225, 1966, 1612 makes the following report:

That S. F. Nos. 1954, 2193, 1900, 1850, 1772, 2294, 2281, 2152, 1648, 1861, 2003, 2143, 2361, 1804, 2139, 2041, 2348, 1836, 2274, 2372, 1871, 1273, 1529, 1948, 2204, 1644, 2105, 1770, 1590, 2316, 2076, 1663, 2355, 2356, 2082, 1918, 633, 1983, 2181, 507, 1364, 2081, 2075, 2251, 1543, 1623, 1450, 1427 and H. F. Nos. 1119, 1225, 1966, 1612 be placed on the General Orders Calendar in the order indicated.

That there were no other bills before the Subcommittee on which floor action was requested. Report adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 1884 and 2051 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. McCutcheon moved that S. F. No. 1277 be withdrawn from the Committee on Rules and Administration, be given a second reading and re-referred to the Subcommittee on Bill Scheduling. The motion prevailed.

Mr. Vega moved that the name of Mr. Engler be stricken as co-author and Mr. Frederick be added as co-author to S. F. No. 1577. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Second Reading of Senate Bills.

SECOND READING OF SENATE BILLS

S. F. No. 1277 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Merriam moved that H. F. No. 2466 be withdrawn from the Committee on Judiciary and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 2274 now on General Orders. The motion prevailed.

SPECIAL ORDER

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated H. F. No. 2494 a Special Order to be heard immediately.

H. F. No. 2494: A bill for an act relating to public improvements; authorizing the acquisition and betterment of public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of state building bonds; authorizing university of Minnesota to participate in shade tree disease control program; limiting capital improvements at vocational-technical schools; appropriating money; amending Minnesota Statutes 1976, Sections 121.21, Subdivision 4a; 121.214, Subdivisions 1, 3, and 4; 124.564; and Minnesota Statutes, 1977 Supplement, Section 18.023, Subdivisions 1 and 3a.

Mr. Kirchner moved to amend H. F. No. 2494, as amended pursuant to Rule 49, adopted by the Senate March 8, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 2371.)

Page 2, line 16, strike "101,976" and insert "50,101,976"

Page 2, line 17, strike "100,602,211" and insert "50,602,211"

Page 16, line 4, strike "\$100,605,000" and insert "\$50,605,000"

Page 16, line 5, strike "b" and insert "by"

Page 16, line 6, before the period, insert ", and \$50,000,000 shall be provided from the general fund"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 37, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Keefe, J.	Ogdahl	Solon
Bang	Engler	Kirchner	Olhoft	Strand
Bernhagen	Frederick	Knaak	Pillsbury	Ueland, A.
Brataas	Gunderson	Knutson	Sieloff	Ulland, J.
Davies	Jensen	Menning	Sillers	

Those who voted in the negative were:

Anderson	Hanson	Luther	Peterson	Stumpf
Benedict	Hughes	McCutcheon	Purfeerst	Tennessen
Borden	Humphrey	Merriam	Schmitz	Vega
Chenoweth	Johnson	Moe	Schrom	Wegener
Chmielewski	Kleinbaum	Nelson	Setzepfandt	Willet
Coleman	Knoll	Nichols	Spear	
Dieterich	Laufenburger	Penny	Staples	
Gearty	Lessard	Perpich	Stokowski	

The motion did not prevail. So the amendment was not adopted.

H. F. No. 2494 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

SPECIAL ORDER

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated S. F. No. 2143 a Special Order to be heard immediately.

S. F. No. 2143: A bill for an act relating to family planning services; providing for special grants for family planning services; appropriating money; amending Minnesota Statutes 1976, Section 145.922, by adding a subdivision; and Chapter 145, by adding a section.

CALL OF THE SENATE

Mr. Perpich imposed a call of the Senate on the balance of the proceedings on S. F. No. 2143. The following Senators answered to their names:

Anderson	Engler	Kirchner	Merriam	Schaaß
Bang	Frederick	Kleinbaum	Moe	Sieloff
Benedict	Gearty	Knaak	Nelson	Sikorski
Bernhagen	Gunderson	Knoll	Ogdahl	Solon
Chenoweth	Hanson	Knutson	Olhoft	Spear
Chmielewski	Hughes	Lessard	Penny	Stumpf
Coleman	Humphrey	Lewis	Perpich	Ueland, A.
Davies	Jensen	Luther	Peterson	Ulland, J.
Dieterich	Keefe, J.	McCutcheon	Purfeerst	Vega
Dunn	Keefe, S.	Menning	Renneke	Wegener

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

Mr. Willet moved to amend S. F. No. 2143 as follows:

Page 2, line 26, after the period, insert: "*In the case of an unmarried person under the age of 17, the provisions of subdivision 4 shall apply.*"

Page 2, after line 26, insert:

"Subd. 4. Prior to providing any drug, medical preparation or contraceptive device to any unmarried person under the age of 17 years, every agency, entity, or individual providing family planning services and receiving funds through the provisions of this act shall notify such minor's parents or legal guardian of such action.

unless such minor is emancipated from the parent or legal guardian."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 33, as follows:

Those who voted in the affirmative were:

Bernhagen	Hughes	Menning	Schmitz	Ueland, A.
Chenoweth	Kleinbaum	Merriam	Schrom	Vega
Chmielewski	Knaak	Olhoft	Setzepfandt	Wegener
Dunn	Knutson	Olson	Sieloff	Willet
Engler	Laufenburger	Penny	Solon	
Frederick	Lessard	Purfeerst	Stokowski	
Gearty	McCutcheon	Renneke	Stumpf	

Those who voted in the negative were:

Anderson	Davies	Keefe, S.	Nichols	Spear
Ashbach	Dieterich	Kirchner	Ogdahl	Staples
Bang	Gunderson	Knoll	Perpich	Strand
Benedict	Hanson	Lewis	Peterson	Tennessen
Borden	Humphrey	Luther	Pillsbury	Ulland, J.
Brataas	Jensen	Moe	Schaaf	
Coleman	Johnson	Nelson	Sikorski	

The motion did not prevail. So the amendment was not adopted.

Mr. Schaaf moved to amend S. F. No. 2143 as follows:

Page 1, line 16, after the period, insert *"The plan submitted to the commissioner shall include the amount of money spent by the applicant for family planning services in the previous year. The applicant must agree not to reduce its expenditures for family planning services below the level in the year prior to receiving a grant."*

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 41 and nays 17, as follows:

Those who voted in the affirmative were:

Bang	Frederick	Knoll	Olson	Spear
Benedict	Hanson	Lessard	Perpich	Stumpf
Bernhagen	Humphrey	Luther	Purfeerst	Ulland, J.
Borden	Johnson	McCutcheon	Schaaf	Vega
Brataas	Keefe, J.	Merriam	Setzepfandt	Wegener
Chenoweth	Keefe, S.	Nelson	Sieloff	
Coleman	Kirchner	Nichols	Sikorski	
Davies	Kleinbaum	Ogdahl	Sillers	
Dieterich	Knaak	Olhoft	Solon	

Those who voted in the negative were:

Dunn	Knutson	Moe	Schmitz	Willet
Engler	Laufenburger	Penny	Staples	
Gearty	Lewis	Pillsbury	Strand	
Jensen	Menning	Renneke	Ueland, A.	

The motion prevailed. So the amendment was adopted.

Mr. Olhoft moved to amend S. F. No. 2143 as follows:

Page 1, line 12, before the first "cities" insert "(1)"

Page 1, line 12, before "nonprofit" insert "hospitals licensed pursuant to sections 144.50 to 144.56, or (2) to"

Page 1, line 13, after "corporations" insert "which do not perform abortions,"

Page 1, line 14, after the period, insert "No grant recipient may contract for any family planning services with any nonprofit corporation or other organization, other than a licensed hospital, which performs abortions."

Mr. Dunn moved to amend the Olhoft amendment to S. F. No. 2143, as follows:

Line 6 of the Olhoft amendment, strike "or other organization"

The question was taken on the adoption of the Dunn amendment to the Olhoft amendment.

Mr. Lewis moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 26 and nays 39, as follows:

Those who voted in the affirmative were:

Anderson	Dieterich	Luther	Peterson	Tennessee
Ashbach	Dunn	Moe	Pillsbury	Ulland, J.
Benedict	Gunderson	Nelson	Sillers	
Brataas	Keefe, S.	Nichols	Spear	
Coleman	Kirchner	Ogdahl	Staples	
Davies	Lewis	Perpich	Strand	

Those who voted in the negative were:

Bang	Humphrey	Laufenburger	Purfeerst	Solon
Bernhagen	Jensen	Lessard	Renneke	Stokowski
Chenoweth	Johnson	McCutcheon	Schaaf	Stumpf
Chmielewski	Keefe, J.	Menning	Schmitz	Ueland, A.
Engler	Kleinbaum	Merriam	Schrom	Vega
Frederick	Knaak	Olhoft	Setzepfandt	Wegener
Gearty	Knoll	Olson	Sieloff	Willet
Hanson	Knutson	Penny	Sikorski	

The motion did not prevail. So the Dunn amendment to the Olhoft amendment was not adopted.

The question recurred on the Olhoft amendment.

The question was taken on the adoption of the amendment.

Mr. Coleman moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 33 and nays 33, as follows:

Those who voted in the affirmative were:

Bernhagen	Johnson	Menning	Schmitz	Stumpf
Chenoweth	Kleinbaum	Merriam	Schrom	Ueland, A.
Chmielewski	Knaak	Olhoft	Setzepfandt	Vega
Engler	Knutson	Olson	Sieloff	Wegener
Frederick	Laufenburger	Penny	Sikorski	Willet
Gearty	Lessard	Purfeerst	Solon	
Jensen	McCutcheon	Renneke	Stokowski	

Those who voted in the negative were:

Anderson	Davies	Keefe, S.	Nichols	Spear
Ashbach	Dieterich	Kirchner	Ogdahl	Staples
Bang	Dunn	Knoll	Perpich	Strand
Benedict	Gunderson	Lewis	Peterson	Tennessee
Borden	Hanson	Luther	Pillsbury	Ulland, J.
Brataas	Humphrey	Moe	Schaaf	
Coleman	Keefe, J.	Nelson	Sillers	

The motion did not prevail. So the amendment was not adopted.

Mr. Menning moved to amend S. F. No. 2143 as follows:

Page 2, line 26, after the period, insert: "*In the case of an unmarried person under the age of 17, the provisions of subdivision 4 shall apply.*"

Page 2, after line 26, insert:

"Subd. 4. Every agency, entity, or individual providing family planning services and receiving funds through the provisions of this act shall notify the parents or legal guardian of any minor under the age of 17 whenever the minor is provided with any drug, medical preparation, or contraceptive device, unless the minor is emancipated from the parents or legal guardian."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 35, as follows:

Those who voted in the affirmative were:

Bernhagen	Keefe, J.	Olhoft	Schrom	Ueland, A.
Chenoweth	Knaak	Olson	Setzepfandt	Vega
Chmielewski	Lessard	Penny	Sieloff	Wegener
Engler	McCutcheon	Purfeerst	Solon	Willet
Frederick	Menning	Renneke	Stokowski	
Gearty	Merriam	Schmitz	Stumpf	

Those who voted in the negative were:

Anderson	Dieterich	Kirchner	Nelson	Sikorski
Bang	Dunn	Knoll	Nichols	Sillers
Benedict	Hanson	Knutson	Ogdahl	Spear
Borden	Humphrey	Laufenburger	Perpich	Staples
Brataas	Jensen	Lewis	Peterson	Strand
Coleman	Johnson	Luther	Pillsbury	Tennessee
Davies	Keefe, S.	Moe	Schaaf	Ulland, J.

The motion did not prevail. So the amendment was not adopted.

RECONSIDERATION

Mr. Dunn moved that the vote whereby the Olhoft amendment to S. F. No. 2143 failed to pass by the Senate on March 9, 1978, be now reconsidered.

The question was taken on the adoption of the motion.

Mr. Olhoft moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 37 and nays 27, as follows:

Those who voted in the affirmative were:

Benedict	Humphrey	McCutcheon	Schrom	Stumpf
Bernhagen	Jensen	Menning	Setzepfandt	Ueland, A.
Chenoweth	Johnson	Olhoft	Sieloff	Vega
Chmielewski	Keefe, J.	Olson	Sikorski	Wegener
Dunn	Kleinbaum	Penny	Sillers	Willet
Engler	Knaak	Purfeerst	Solon	
Frederick	Knutson	Renneke	Stokowski	
Gearty	Lessard	Schmitz	Strand	

Those who voted in the negative were:

Anderson	Dieterich	Laufenburger	Ogdahl	Staples
Bang	Gunderson	Lewis	Perpich	Tennesen
Borden	Hanson	Luther	Peterson	Ulland, J.
Brataas	Keefe, S.	Moe	Pillsbury	
Coleman	Kirchner	Nelson	Schaaf	
Davies	Knoll	Nichols	Spear	

The motion prevailed. So the vote was reconsidered.

The question recurred on the Olhoft amendment.

Mr. Olhoft withdrew his amendment.

Mr. Olhoft then moved to amend S. F. No. 2143 as follows:

Page 1, line 12, before the first "cities" insert "(1)"

Page 1, line 12, before "nonprofit" insert "*hospitals licensed pursuant to sections 144.50 to 144.56, or (2) to*"

Page 1, line 13, after "corporations" insert "*which do not perform abortions,*"

Page 1, line 14, after the period, insert "*No grant recipient may contract for any family planning services with any nonprofit corporation other than a licensed hospital, which performs abortions.*"

Mr. Keefe, S. requested division of the amendment as follows:

First portion:

Page 1, line 12, before the first "cities" insert "(1)"

Page 1, line 12, before "nonprofit" insert "*hospitals licensed pursuant to sections 144.50 to 144.56, or (2) to*"

Page 1, line 13, after "corporations" insert "*which do not perform abortions,*"

Second portion:

Page 1, line 14, after the period, insert "*No grant recipient may contract for any family planning services with any nonprofit corporation other than a licensed hospital, which performs abortions.*"

The question was taken on the adoption of the first portion of the amendment.

The roll was called, and there were yeas 53 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Kleinbaum	Olhoft	Sillers
Ashbach	Frederick	Knaak	Olson	Stokowski
Bang	Gearty	Knoll	Penny	Strand
Benedict	Gunderson	Knutson	Peterson	Stumpf
Bernhagen	Hanson	Laufenburger	Purfeerst	Ueland, A.
Borden	Humphrey	Lessard	Renneke	Ulland, J.
Brataas	Jensen	Luther	Schmitz	Vega
Chenoweth	Johnson	McCutcheon	Schrom	Wegener
Chmielewski	Keefe, J.	Menning	Setzepfandt	Willet
Coleman	Keefe, S.	Merriam	Sieloff	
Dunn	Kirchner	Moe	Sikorski	

Those who voted in the negative were:

Dieterich	Ogdahl	Spear	Staples	Tennessee
Lewis	Pillsbury			

The motion prevailed. So the first portion of the amendment was adopted.

Mr. Sieloff moved to amend the second portion of the Olhoft amendment as follows:

In the last line of the second portion of the Olhoft amendment, after "*hospital*" insert "*or licensed Health Maintenance Organization.*"

The motion prevailed. So the amendment to the amendment was adopted.

The question was taken on the adoption of the second portion of the amendment, as amended.

The roll was called, and there were yeas 37 and nays 27, as follows:

Those who voted in the affirmative were:

Bernhagen	Jensen	McCutcheon	Schrom	Stumpf
Chenoweth	Johnson	Menning	Setzepfandt	Ueland, A.
Chmielewski	Keefe, J.	Merriam	Sieloff	Vega
Dunn	Kleinbaum	Olhoft	Sikorski	Wegener
Engler	Knaak	Penny	Sillers	Willet
Frederick	Knutson	Purfeerst	Solon	
Gearty	Laufenburger	Renneke	Stokowski	
Humphrey	Lessard	Schmitz	Strand	

Those who voted in the negative were:

Ashbach	Borden	Davies	Hanson	Knoll
Bang	Brataas	Dieterich	Keefe, S.	Lewis
Benedict	Coleman	Gunderson	Kirchner	Luther

Moe
Nelson
Nichols

Ogdahl
Perpich
Peterson

Pillsbury
Schaaf

Spear
Staples

Tennessen
Ulland, J.

The motion prevailed. So the second portion of the amendment, as amended, was adopted.

Mrs. Staples moved that S. F. No. 2143 be laid on the table. The motion prevailed.

RECONSIDERATION

Mr. Benedict moved that the vote whereby S. F. No. 1594 failed to pass the Senate on March 9, 1978, be now reconsidered. The motion prevailed.

S. F. No. 1594: A bill for an act relating to education; pupils; requiring a school breakfast program in each district which is located within the cities of Duluth, Minneapolis, St. Paul and Bloomington.

Mr. Benedict moved to amend S. F. No. 1594, as amended by the Senate, March 9, 1978, as follows:

Strike everything after the enacting clause and insert:

"Section 1. By January 1, 1979, each school district in the state that is not participating in the National School Breakfast Program under the provisions of Public Law 94-105 shall report to the state commissioner of education the specific reasons why it is not participating in the program."

Amend the title as follows:

Line 2, delete "requiring a school"

Delete line 3 and insert "requiring a report from school districts not participating in the school breakfast program."

The motion prevailed. So the amendment was adopted.

Mr. Moe moved that S. F. No. 1594 be re-referred to the Committee on Finance.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 36 and nays 26, as follows:

Those who voted in the affirmative were:

Bang
Bernhagen
Borden
Brataas
Coleman
Davies
Dunn
Engler

Frederick
Gunderson
Hanson
Keefe, J.
Kirchner
Kleinbaum
Knaak
Knutson

Laufenburger
Lessard
Menning
Moe
Nelson
Nichols
Ogdahl
Penny

Peterson
Pillsbury
Purfeerst
Renneke
Setzepfandt
Sillers
Solon
Strand

Tennessen
Ueland, A.
Vega
Wegener

Those who voted in the negative were:

Benedict	Johnson	Olhoff	Sieloff	Ulland, J.
Chenoweth	Keefe, S.	Olson	Sikorski	Willet
Chmielewski	Lewis	Perpich	Spear	
Dieterich	Luther	Schaaf	Staples	
Gearty	McCutcheon	Schmitz	Stokowski	
Humphrey	Merriam	Schrom	Stumpf	

The motion prevailed.

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.

Mr. Sieloff introduced—

S. F. No. 2398: A bill for an act relating to retirement; granting an election as to coverage to a certain member of the public employees retirement association.

Referred to the Committee on Governmental Operations.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Benedict moved that H. F. No. 2066 be withdrawn from the Committee on Commerce and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 1900 now on General Orders. The motion prevailed.

Mr. Coleman moved that the Senate do now adjourn until 11:30 o'clock a.m., Friday, March 10, 1978. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate