

EIGHTY-NINTH DAY

St. Paul, Minnesota, Saturday, March 11, 1978

The Senate met at 8:30 o'clock a.m. and was called to order by the President.

CALL OF THE SENATE

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

Ashbach	Engler	Kirchner	Nelson	Stokowski
Bang	Frederick	Laufenburger	Olhoft	Strand
Chmielewski	Gearty	Lessard	Olson	Tennessee
Coleman	Gunderson	Luther	Penny	Ueland, A.
Davies	Hanson	McCutcheon	Pillsbury	Vega
Dieterich	Johnson	Merriam	Purfeerst	Wegener
Dunn	Keefe, S.	Moe	Staples	Willet

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

Prayer was offered by the Chaplain, Rev. Curtis A. Herron.

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

Anderson	Engler	Knoll	Olhoft	Sikorski
Ashbach	Frederick	Knutson	Olson	Solon
Bang	Gearty	Laufenburger	Penny	Spear
Benedict	Gunderson	Lessard	Perpich	Staples
Bernhagen	Hanson	Lewis	Peterson	Stokowski
Borden	Hughes	Luther	Pillsbury	Strand
Brataas	Jensen	McCutcheon	Purfeerst	Stumpf
Chenoweth	Johnson	Menning	Renneke	Tennessee
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	Sietloff	Willet

The President declared a quorum present.

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

MEMBERS EXCUSED

Messrs. Humphrey and Sillers were excused from the Session of today. Mr. Ueland, A. was excused from the Session of today at 4:00 o'clock p.m. Mrs. Staples was excused from the Session of

today from 11:30 a.m. to 1:00 o'clock p.m. Messrs. Coleman and Borden were excused from the Session of today until 3:30 o'clock p.m.

REPORTS AND RESOLUTIONS FILED WITH THE SECRETARY OF THE SENATE

Various reports were filed during the 1977 interim and the 1978 Session by Retirement and Relief Associations and are filed in the office of the Secretary of the Senate; also reports made by the Legislative Audit Commission on various state institutions and boards; Department of Transportation, Commissioner of Aeronautics, Biennial Report, July 1, 1974 to June 30, 1976; Legislative Commission on Pensions and Retirement, 1977-78; Department of Administration, Implementing and Financing the State Building Code; Indian Affairs Intertribal Board, 1977; State Board of Health, Maternal and Child Nutrition Program, 1977; Department of Administration, Small Business Procurement Act; Ethical Practices Board, Annual Report 1976-77; Department of Finance, Statewide Indirect Cost Plan for fiscal year 1978; Department of Public Welfare, Evaluation of Pilot Programs of Dental Care for Senior Citizens, 1978; Department of Commerce, Annual Report, 1977; Department of Education, Program Space Needs at the Minnesota Braille and Sight-Saving School, 1978; Department of Personnel, State Employees Benefit Insurance Plan; Minnesota Energy Agency, Interim Coal Study Report, 1978; Arrowhead Regional Development Commission, Annual Report, 1977; Department of Public Safety, Bureau of Criminal Apprehension, Biennial Report, 1977; State Treasurer, Biennial Report, 1977; Commissioner of Administration, Occupational Licensing Boards and Host Departments in Minnesota, Part II, 1977; Commissioner of Administration, Survey of State Buildings for Energy Conservation, Coal Survey, 1977; State Planning Agency, Reorganization of Delivery of State and Local Human Services; State Planning Agency, Financial Reporting, 1977; State Planning Agency, Consumer Access and Ombudsman Studies, 1977; State Planning Agency, Description of Human Services with Substate Service Areas, 1977; State Planning Agency, Human Services Boards, Latest Look, 1977; State Board of Investment, Activities of Investment, Advisory Council, 1977; Metropolitan Council, Transit Commission Budget, 1977; Board of Teaching, Staffing Needs, 1978; Department of Public Safety, Mandatory Bicycle Registration; Department of Administration, State Facilities Accessibility Survey Cost Estimates; Department of Economic Development, Biennial Report and Overview of Municipal Revenue Bonds; Department of Public Welfare, Proposal for Work Equity through Meaningful Employment; Department of Economic Security, Existing Operating Conditions and Specific Improvement Objectives.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Stumpf introduced—

S. F. No. 2401: A bill for an act relating to homeowners insurance; requiring a premium reduction or credit against premium under certain circumstances for installation of certain devices providing security against loss by burglary or theft.

Referred to the Committee on Commerce.

Mr. Solon introduced—

S. F. No. 2402: A bill for an act relating to public employees; providing for a uniform system of health care benefits for active and retired public employees and their dependents; establishing a public employees health plan board; prescribing its powers and duties; appropriating money.

Referred to the Committee on Governmental Operations.

Messrs. Anderson, Sillers, Merriam, Coleman and Gunderson introduced—

S. F. No. 2403: A bill for an act relating to retirement; computation of teacher's retirement annuity for certain superintendent of schools; amending Minnesota Statutes 1976, Section 354.55, by adding a subdivision.

Referred to the Committee on Governmental Operations.

Mr. Moe, for the Committee on Finance, introduced—

S. F. No. 2404: A bill for an act relating to the organization and operation of state government; clarifying, supplementing, and providing for deficiencies in appropriations for the expenses of state government with certain conditions; providing for payment of claims; shortening time for cancellation of certain drafts; authorizing fees and special accounts in certain cases; transferring duties and appropriations; requiring certain insurance coverage; providing for use of prison industry in railroad rehabilitation; extending existence of advisory council on economic status of women; limiting use of certain federal money by the department of education; creating a legislative commission on priorities; appropriating money; amending Minnesota Statutes 1976, Sections 3.736, Subdivision 7; 3.98, Subdivisions 3 and 4; 10.15; 16A.60; 43.064; 43.067, Subdivision 1; 43.12, by adding a subdivision; 60A.13, Subdivision 7; 60A.14, Subdivision 1; 62A.149, Subdivision 1; 120.17, Subdivision 9; 125.183, by adding a subdivision; 136A.155; 222.50, Subdivision 3; 242.385; Chapter 16A, by adding sections; Minnesota Statutes, 1977 Supplement, Sections 10A.20, Subdivision 3, as amended; 10A.27, Subdivision 4, as amended; 10A.32, Subdivision 3, as amended; 120.17, Subdivision 7a; 298.28, Subdivision 1; and 473.591, Subdivision 3; amending Laws 1976, Chapter 337, Sections 1, Subdivisions 1 and 4; and 4; amending Laws 1977,

Chapter 421, Section 13, by adding a subdivision; repealing Minnesota Statutes 1976, Sections 3.732, Subdivision 4; 16.171; 60A.13, Subdivisions 3 and 4; 162.19; 325.64 to 325.76; and 363.122.

Under the rules of the Senate, laid over one day.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S. F. Nos. 1096, 1547, 1603 and 1664.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned March 10, 1978

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. 1431: A bill for an act relating to food; providing for inspection and license fees for certain coin operated food vending machines; amending Minnesota Statutes, 1977 Supplement, Section 28A.03; and Minnesota Statutes 1976, Section 28A.09.

Senate File No. 1431 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned March 10, 1978

CONCURRENCE AND REPASSAGE

Mr. Luther moved that the Senate concur in the amendments by the House to S. F. No. 1431 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1431: A bill for an act relating to food; providing for inspection and license fees for certain coin operated food vending machines; amending Minnesota Statutes, 1977 Supplement, Section 28A.03; and Minnesota Statutes 1976, Section 28A.09; repealing Minnesota Statutes 1976, Section 28A.15, Subdivision 6.

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 38 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Laufenburger	Penny	Stumpf
Bang	Frederick	Lessard	Pillsbury	Tennessee
Bernhagen	Gearty	Luther	Schmitz	Ueland, A.
Chmielewski	Gunderson	McCutcheon	Schrom	Vega
Coleman	Hanson	Moe	Setzepfandt	Wegener
Davies	Johnson	Nelson	Staples	Willet
Dieterich	Keefe, S.	Olhoft	Stokowski	
Dunn	Kirchner	Olson	Strand	

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. 2250, 1885, 1353, 1786, 1790, 2177, 2233, 1754, 1976, 669, 1286, 1599, 2052, 2151 and 2256.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 10, 1978

FIRST READING OF HOUSE BILLS

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

H. F. No. 2250: A bill for an act relating to taxation; increasing credits available to certain taxpayers; removing sales taxes on residential heating fuels; providing additional refunds for residential heating costs for certain taxpayers; reducing the income tax rate on corporations; eliminating the arithmetic average from the formula used for the apportionment of trade or business income among states; amending Minnesota Statutes 1976, Sections 290.06, Subdivisions 1 and 3d; 290.19, Subdivision 1; 290.361, Subdivision 2; 290A.07, Subdivision 1; 297A.25, Subdivision 1; Chapter 290, by adding a section; and Chapter 290A, by adding a section; and Minnesota Statutes, 1977 Supplement, Sections 290.06, Subdivision 3c; and 290A.06.

Mr. McCutcheon moved that H. F. No. 2250 be laid on the table. The motion prevailed.

H. F. No. 1885: A bill for an act relating to education; providing for aids to education, tax levies, and the distribution of tax revenues; granting certain powers and duties to teachers, school boards, school districts, county auditors, the commissioner of education, the commissioner of finance, and the state board of education; creating a legislative school finance study commission; revising the provisions governing effective date, levy limitations, and employee relations, in case of school district reorganization; allowing the experimental pairing of certain districts; limiting the liability of school bus contractors; increasing foundation aid, special education aid, capital expenditure aid and the capital

expenditure levy limitation; providing a funding method for programs of secondary vocational education for handicapped children; increasing the reinstatement period for teachers on unrequested leave of absence; providing state funding for the employer's share of retirement contributions for teachers on extended leaves of absence; prohibiting wage reopening clauses in teachers' contracts; authorizing certain expenditures; transferring certain appropriated funds; appropriating money; amending Minnesota Statutes 1976, Sections 6.62, Subdivision 1; 121.904, Subdivision 7, and by adding a subdivision; 122.22, Subdivision 9, and by adding a subdivision; 122.23, Subdivisions 13, 15, and 18; 122.46, Subdivision 2; 123.37, Subdivision 1b; 124.17, Subdivision 3; 124.20; 124.212, by adding subdivisions; 124.74; 124.76; 125.12, Subdivisions 6a and 6b; 126.12; 127.29, Subdivision 1; 128A.02, by adding subdivisions; 134.03; 179.70, Subdivision 1; 275.125, Subdivisions 15, 16 and 18; 475.60, Subdivision 2; Chapter 122, by adding sections; Chapter 124, by adding a section; Minnesota Statutes, 1977 Supplement, Sections 121.912, Subdivision 1; 122.85, Subdivision 1; 124.17, Subdivisions 1 and 2; 124.19, Subdivision 1; 124.212, Subdivisions 5a, 7b and 8a; 124.213, Subdivisions 1 and 2; 124.222, Subdivision 6; 124.245, Subdivisions 1 and 2, and by adding a subdivision; 124.32, Subdivisions 1, 1a, 1b, 5, and by adding a subdivision; 124.38, Subdivision 7; 124.562, Subdivision 1; 124.572, Subdivision 2; 124.573, Subdivision 2; 125.60, Subdivisions 2 and 3, and by adding a subdivision; 125.61, Subdivisions 1, 2, 3, 4, 6, and by adding a subdivision; 176.011, Subdivision 9; 275.07; 275.124; 275.125, Subdivisions 9, and 11a; 354.094, Subdivisions 1 and 4; 354.66, Subdivisions 1 and 9; 354A.091, Subdivisions 1 and 4; and 354A.22, Subdivisions 1 and 9; repealing Minnesota Statutes 1976, Sections 120.07; 122.53; 124.02; Minnesota Statutes, 1977 Supplement, Sections 125.61, Subdivision 5; 128A.06; and Laws 1977, Chapter 447, Article IX, Section 8.

Mr. McCutcheon moved that H. F. No. 1885 be laid on the table. The motion prevailed.

H. F. No. 1353: A bill for an act relating to tax delinquent real estate; requiring notice to the commissioner of natural resources of forfeiture and sale of tax delinquent real estate; clarifying ownership of certain tax forfeited real estate; amending Minnesota Statutes 1976, Sections 281.23, Subdivision 8; 281.25; and 282.01, Subdivisions 1 and 3.

Referred to the Committee on Judiciary.

H. F. No. 1786: A bill for an act relating to children; requiring a welfare agency receiving a report of a maltreated minor to notify the local police department or county sheriff; amending Minnesota Statutes 1976, Section 626.556, Subdivisions 1, 3, 4, 6, 7, 8 and 9; and Minnesota Statutes, 1977 Supplement, Section 626.556, Subdivisions 2 and 11.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 1917 now on General Orders.

H. F. No. 1790: A bill for an act relating to public employment labor relations; making certain matters mandatory negotiable; allowing employees alternate remedies in grievance proceedings or civil service appeals; amending Minnesota Statutes 1976, Section 179.70, Subdivision 1.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 1747 now on General Orders.

H. F. No. 2177: A resolution relating to the war in Southeast Asia, expressing the concern of the Minnesota legislature for those MIAs and POWs that are unaccounted; urging action by the national leadership to end the heartache caused by the lack of information about these servicemen.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 1973 now on General Orders.

H. F. No. 2233: A bill for an act relating to state government; directing the commissioner of administration to grant contract preference to American made products; amending Minnesota Statutes 1976, Chapter 16, by adding a section.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 2111 now on General Orders.

H. F. No. 1754: A bill for an act relating to education; eliminating and correcting certain obsolete provisions; planning task force; providing for removal of task force members; amending Minnesota Statutes 1976, Sections 120.05, Subdivision 1; 120.10, Subdivision 4; 120.14; 120.15; 123.35, by adding a subdivision; 123.62; and 124.12, Subdivision 2; amending Minnesota Statutes, 1977 Supplement, Section 122.86, Subdivision 3; repealing Minnesota Statutes 1976, Section 121.11, Subdivisions 2, 3 and 4.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1703 now on General Orders.

H. F. No. 1976: A bill for an act relating to highway traffic regulations; prohibiting possession of certain traffic signs; granting immunity from prosecution to persons who voluntarily notify police of their possession of such signs; amending Minnesota Statutes 1976, Section 169.08.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 1882 now on General Orders.

H. F. No. 669: A bill for an act relating to trespass; prohibiting trespass on certain lands of another for purposes of taking wild animals, fish or plants; limiting discharge of a firearm within 500 feet of an occupied building; amending Minnesota Statutes 1976, Sections 100.273; and 100.29, Subdivision 21; repealing Minnesota Statutes 1976, Section 100.29, Subdivision 22.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1759 now on General Orders.

H. F. No. 1286: A bill for an act relating to education; granting certain powers and duties relating to public libraries to the state board and the state department of education; providing grants for certain library systems; appropriating money; amending Minnesota Statutes 1976, Chapter 134, by adding sections; repealing Minnesota Statutes 1976, Sections 121.22; 121.23; 121.24; and 134.035.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 1404 now on General Orders.

H. F. No. 1599: A bill for an act relating to unemployment compensation; making certain development achievement center teachers ineligible for benefits during certain periods; amending Minnesota Statutes, 1977 Supplement, Section 268.08, Subdivision 6.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 1543 now on General Orders.

H. F. No. 2052: A bill for an act relating to aeronautics; modifying airport zoning regulations to protect existing residential neighborhoods; amending Minnesota Statutes 1976, Sections 360.062; 360.066, Subdivision 1, and by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 1908 now on General Orders.

H. F. No. 2151: A bill for an act relating to unclaimed property; providing for reporting of certain unclaimed intangible property; amending Minnesota Statutes 1976, Sections 345.38, by adding a subdivision; 345.54; and 345.55, by adding a subdivision; and Minnesota Statutes, 1977 Supplement, Section 345.41.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 2003 now on General Orders.

H. F. No. 2256: A bill for an act relating to highway traffic regulation; concerning accident reports; making reports available for accident prevention purposes to additional agencies; concealing the identity of involved persons; amending Minnesota Statutes 1976, Section 169.09, Subdivision 13.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 2106 now on General Orders.

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S. F. No. 2219 and reports pertaining to appointments. The motion prevailed.

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

H. F. No. 1881: A bill for an act relating to agriculture; family farm security program; providing for exclusion from gross income

of interest on certain loans; amending Minnesota Statutes 1976, Section 41.58, by adding a subdivision.

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

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

S. F. No. 1849: A bill for an act relating to education; adopting the Midwestern Education Compact; implementing the operation of such compact.

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

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

S. F. No. 1125: A bill for an act relating to solid waste; establishing a regional solid waste management board in the counties of Faribault, Jackson, Martin and Watonwan; prescribing its powers and duties; authorizing a solid waste disposal and resource recovery facility in the city of Fairmont; granting the city certain solid waste management powers; extending certain grants-in-aid for solid waste management purposes; establishing a solid waste resource recovery loan account; providing for state loans to finance construction of solid waste resource recovery facilities; appropriating money.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Agriculture and Natural Resources. Report adopted.

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

S. F. No. 2188: A bill for an act relating to the national guard; providing a bonus for re-enlistment; appropriating money; amending Minnesota Statutes 1976, Section 192.205, Subdivision 1.

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

Page 2, line 9, after the dollar sign insert "345,000"

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

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

S. F. No. 1577: A bill for an act relating to the department of veterans affairs; establishing a home for veterans in Hastings; appropriating money; amending Minnesota Statutes, 1977 Supplement, Section 246.02, Subdivision 2.

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

Page 2, line 9, strike "\$1,178,380" and insert "\$905,000"

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

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

S. F. No. 1095: A bill for an act relating to the organization of state government; creating a fire service prevention and control advisory council in the department of public safety; superseding an executive order agency; appropriating money.

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

Page 2, line 26, after "of" delete the remainder of the line

Page 2, delete line 28

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

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

S. F. No. 2184: A bill for an act relating to youth; establishing grants for the operation of youth intervention programs; appropriating money.

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

Page 2, line 10, delete "annually" and insert "in each of the fiscal years ending June 30, 1978 and June 30, 1979"

Page 2, lines 10 and 11, delete "department of public welfare" and insert "crime control planning board"

Page 2, line 12, delete "Notwithstanding Minnesota Statutes,"

Page 2, delete lines 13 through 15

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. 2148: A bill for an act relating to drivers' licenses; providing for automatic reinstatement of nonresident driving privilege in certain circumstances; providing limited protection to a resident whose driving privilege in another state has been suspended or revoked; amending Minnesota Statutes 1976, Section 171.15; and Chapter 171, by adding a section.

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

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

S. F. No. 1706: A bill for an act relating to energy; changing the powers of the director of the Minnesota energy agency; providing for the confidentiality of proprietary data furnished to the energy agency; requiring a residential energy disclosure report at time of sale; creating a pilot project and research program on ethanol production from biomass; mandating certain energy efficiency standards for rental units; establishing insulation product and application standards; providing for community energy conservation councils; providing for solar energy zoning and planning ordinances; requiring the metropolitan council to consider access to sunlight in its land use plans; permitting nuisance actions for certain obstructions to sunlight; providing requirements for solar easements; requiring monitoring of gasohol research; establishing a deadline for enforcing the state building code in municipalities; prescribing penalties; appropriating money; amending Minnesota Statutes 1976, Sections 116H.08; 394.25, Subdivision 2; 394.27, Subdivision 7; 462.12; 462.357, Subdivisions 1 and 6; 462.356, Subdivisions 2 and 6; 462.39, Subdivision 3; 473.05, Subdivision 1; 473.859, Subdivision 2; 561.01; and Chapter 116H, by adding a section; Minnesota Statutes, 1977 Supplement, Section 116H.129, Subdivision 1, and by adding subdivisions.

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

Page 28, strike lines 13 to 15 and insert a period

Page 30, line 26, after the dollar sign insert "99,000"

Page 30, line 28, strike "*purposes*" and insert "*purpose*"

Page 30, line 28, after "*of*" insert "*assisting the community energy conservation councils authorized by*"

Page 30, line 28, after "12" insert ", to be available until June 30, 1979"

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

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

S. F. No. 1642: A bill for an act relating to agriculture; clarifying jurisdiction concerning grain inspection, weighing, sampling and analysis; appropriating money; amending Minnesota Statutes 1976, Sections 17B.03, Subdivision 1; 17B.04, Subdivision 1; and 17B.13.

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

Page 2, line 28, delete "and" and insert a period and begin a new paragraph as follows:

"Sec. 4. [FORMER WEIGHERS; TEMPORARY PROVISION.] *The commissioner may hire*"

Page 3, line 13, after "act" insert "*for the fiscal year ending June 30, 1979*"

Page 3, line 15, delete "*classified positions*" and insert "*persons*"

Renumber the sections in sequence

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

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

S. F. No. 437: A bill for an act relating to assumed business names; permitting and regulating conduct of business under assumed business name; amending Minnesota Statutes 1976, Sections 301.09; 333.01; 333.04; and 333.06; and Chapter 333, by adding sections; repealing Minnesota Statutes 1976, Sections 333.03; and 333.05.

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

Page 3, line 11, strike "*conducts, transacts,*" and insert "*has a principal or registered office*"

Page 3, line 12, strike "*or intends to conduct or transact such business,*"

Page 4, line 12, strike "OR CANCELLATION"

Page 4, line 24, after "333.01" insert "*after August 1, 1978, together with trademarks, service marks, certification marks or collective marks filed with the secretary of state and issued pursuant to sections 333.20 and 333.21*"

Page 5, line 11, strike "Subd. 2."

Page 5, line 18, strike "*expire two years thereafter, and*" and insert "*continue in force without the necessity of another filing under section 5 until July 31, 1979, at which time all such certificates shall expire unless renewed as hereinafter provided. Any certificate*"

Page 5, line 21, strike "5" and insert "3"

Page 5, strike lines 23 to 32

Page 6, strike lines 1 to 3

Page 6, line 8, strike "\$20" and insert "\$10"

Renumber the subdivisions

Page 7, after line 8, insert:

"Sec. 8. [APPROPRIATION.] *The sum of \$63,300 is appropriated from the general fund to the secretary of state for the purpose of this act for the fiscal year ending June 30, 1979. The approved complement of the office of secretary of state is increased by three persons.*"

Renumber the remaining section

Amend the title as follows:

Line 4, after the semicolon insert "appropriating money;"

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

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

S. F. No. 1864: A bill for an act relating to state employees; improving testing procedures; tightening provisions relating to provisional appointments; providing for a pilot reliability-based band with certification program; altering certain requirements for appointment and benefit eligibility; establishing special procedures for filling certain positions; providing for modified reimbursements of costs; appropriating money; amending Minnesota Statutes 1976, Sections 43.13, Subdivision 1, and by adding a subdivision; 43.14, Subdivision 1; 43.18; 43.19, Subdivision 1; 43.20, Subdivisions 2, 3, 5, and by adding a subdivision; 43.32, Subdivision 11; 43.327, Subdivisions 1 and 2; 43.491, by adding a subdivision; and Chapter 43, by adding a section.

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

Page 8, after line 27, insert:

"Sec. 11. Minnesota Statutes 1976, Section 43.24, Subdivision 1, is amended to read:

43.24 [REMOVAL.] Subdivision 1. [WRITTEN STATEMENT.] No permanent employee in the classified service, under the provisions of this chapter or the rules made pursuant thereto, shall be removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position, except for just cause, which shall not be religious or political, or because of the employee's race, sex, disability or age, subject however to the mandatory retirement ages specified by law. In case of any disciplinary action, as enumerated in this section, the employee shall, before the action is taken, be furnished with a statement, in writing, setting forth the reasons for the disciplinary action, be permitted five days time to reply thereto, in writing, or upon his request, to appear personally and reply to the head of the department. A copy of the statement and the employee's reply, if any, shall be filed with the commissioner prior to the effective date thereof. *Any permanent employee in the classified service who is removed, discharged, suspended without pay, or reduced in pay or position shall be notified of his right to appeal such action to the board no later than the effective date thereof.*"

Page 10, line 5, after "a" insert "retired"

Page 10, lines 5 and 6, strike "*who retires prior to age 65 and*"

Page 10, strike line 15

Page 10, line 16, strike everything before the period and insert "*shall be coordinated with relevant health insurance benefits provided through the federally-sponsored medicare program*"

Page 12, line 6, strike "*alphabetical*" and insert "*random*"

Page 14, lines 15 and 23, strike "*15*" and insert "*16*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, after the semicolon insert "providing notification of appeal rights;"

Page 1, line 14, after "subdivision;" insert "43.24, Subdivision 1;"

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

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

S. F. No. 2219: A bill for an act relating to insurance; removing the limitation on the expense factor in setting workers' compensation insurance premiums; referring rates for expenses to the workers' compensation study commission; amending Minnesota Statutes, 1977 Supplement, Section 79.07; Laws 1977, Chapter 342, Section 27, Subdivision 1.

Reports the same back with the recommendation that the bill do pass. Mr. Keefe, S. questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

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

S. F. No. 2237: A bill for an act proposing an amendment to the Minnesota Constitution, Article XIII, Section 5; permitting parimutuel betting on races if authorized by law.

Reports the same back with the recommendation that the report from the Committee on General Legislation and Veterans Affairs shown in the Journal for March 2, 1978 be amended to read "And when so amended the bill do pass and be re-referred to the Committee on Judiciary." Amendments adopted. Report adopted.

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

S. F. No. 2016: A bill for an act relating to crimes; authorizing counties to establish victim support funds and to provide services to victims of crime; providing for a penalty assessment on convicted persons; appropriating money.

Reports the same back with the recommendation that the report from the Committee on Health, Welfare and Corrections shown in the Journal for March 4, 1978 be amended to read "And when so amended the bill do pass and be re-referred to the Committee on Judiciary." Amendments adopted. Report adopted.

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

H. F. No. 17: A bill for an act relating to elections; providing for special elections to the Minnesota legislature and the United States house of representatives; amending Minnesota Statutes 1976, Sections 202A.62, Subdivisions 1, 2 and 3; 202A.63; 202A.65, Subdivision 3; 202A.66, Subdivision 3; and 202A.67, Subdivisions 2 and 3.

Reports the same back with the recommendation that the report from the Committee on Elections shown in the Journal for March 4, 1978 be amended to read "And when so amended the bill do pass and be re-referred to the Committee on Local Government." Amendments adopted. Report adopted.

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

S. F. No. 2000: A bill for an act relating to labor and employment; prohibiting mandatory retirement of public or private employees; rights and remedies of employees; amending Minnesota Statutes 1976, Sections 43.24, Subdivision 1; 69.29; 352.22, Subdivisions 1 and 2; 422A.13, Subdivision 2; and 490.124, Subdivision 1; and Chapter 181, by adding a section; and Minnesota Statutes, 1977 Supplement, Section 43.12, Subdivision 17; and 363.02, Subdivision 6; repealing Minnesota Statutes 1976, Sections 125.12, Subdivision 5; 163.07, Subdivision 2a; 354A.21; 423.075; and 423.26; and Minnesota Statutes, 1977 Supplement, Section 43.051, Subdivision 1.

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, 1977 Supplement, Section 43.051, Subdivision 1, is amended to read:

43.051 [AGE FOR RETIREMENT.] Subdivision 1. Notwithstanding the provisions of sections 197.45, 197.46, 197.47, 43.30, effective July 1, 1974, an officer or employee of the state of Minnesota in the classified or unclassified service of the state civil service and who is subject to the provisions of the Minnesota state retirement system must retire from his employment by the

state if such officer or employee has reached the age of 68 prior to July 1, 1974, or upon reaching the age of 68. Effective July 1, 1975, an officer or employee of the state of Minnesota in the classified or unclassified service of the state civil service and who is subject to the provisions of the Minnesota state retirement system must retire from his employment by the state if such officer or employee has reached the age of 65 prior to July 1, 1975, or upon reaching the age of 65 70. The mandatory retirement age for all other classified officers and employees of the state, except as provided in section 354.44, subdivision 1a, or if not otherwise provided for by law, shall be 70. Nothing in this subdivision shall apply to persons in the legislative branch or judicial branch.

Sec. 2. Minnesota Statutes 1976, Chapter 181, is amended by adding a section to read:

[181.81] *Subdivision 1. (a) Normal retirement date, when used in this section, means the date, if any, which the employer, or the employer and employee or his representative jointly, designate as the date on which all affected employees must cease service unless the employee exercises the option granted by this section to continue service.*

(b) It is unlawful for any employer, public or private, excluding the United States government and any of its instrumentalities, to refuse to hire or employ, or to discharge, dismiss, reduce in grade or position, or demote any individual on the grounds that the individual has reached a designated retirement age, except in cases where other state statutes, not including enactments of only local or special application, or federal statutes or rules compel or specifically authorize such action provided that nothing in this section shall prohibit compulsory retirement of employees who have attained 70 years of age and provided further that nothing in this section shall prohibit compulsory retirement of professional, executive, or administrative employees, as defined in rules promulgated pursuant to chapter 177, who have attained 65 years of age but not 70 years of age and who are entitled to an immediate non-forfeitable annual retirement benefit from a pension, profit sharing, savings or deferred compensation plan, or any combination of these plans, of the employer of the employee, which equal in the aggregate at least \$27,000. If the retirement benefit is in a form other than a straight life annuity, the value of the benefit shall be determined according to rules promulgated by the commissioner of labor and industry.

(c) Every employer shall notify an employee in writing at least 90 days but no more than 120 days prior to the employee's normal retirement date, if any, of the option to continue employment beyond that date. The notice shall state in a conspicuous manner that the employee must respond to the notice within 30 days or the right to continue employment beyond the normal retirement date may be waived. If the employee notifies the employer in writing within 30 days after the employer's notice to the employee of the employee's desire to continue employment beyond the normal retirement date the employer must allow employment consistent with the requirements of this section. Employment shall continue

for as long as the employee desires or until the employer demonstrates that the employee no longer can meet the bona fide requirements, consistently applied, for the job or position or until the employee reaches the compulsory retirement age established by the employer.

(d) Regardless of whether or not a normal retirement date as defined in clause (a) exists for an employee, if there exists a date on which the accrual of pension benefits or credits, or the contributions therefor by the employee or the employer, or the employee's employment related health and welfare benefits or insurance coverages are diminished or eliminated by virtue of the employee attaining a certain age, the employer shall notify the employee of the changes at least 90 but not more than 120 days prior to the effective date of the change. If a normal retirement date exists for an employee and that date is the same as the date on which pension credit accrual or health and welfare benefits or contributions are modified the notice required by this clause shall be given contemporaneously with the notice required in clause (c). This section, in and of itself, shall not be construed to require any change in the employer contribution levels of any pension or retirement plan, or to require any employer to increase an employer's or employee's payments for the provision of insurance benefits contained in any employee benefit or insurance plan.

Subd. 2. (a) The commissioner of labor and industry shall advise any inquiring parties, employee or employer, of their rights and duties under this section. Further, the commissioner may attempt to conciliate any disputes between employees and employers over the application of or alleged violations of this section.

(b) Any party aggrieved by a violation of this section may bring suit for redress in the district court wherein the violation occurred or in the district court wherein the employer is located. If a violation is found the court in granting relief may enjoin further violations and may include in its award compensation for any period of unemployment resulting from the violation together with actual and reasonable attorneys fees, and other costs incurred by the plaintiff.

(c) When a suit is commenced alleging a violation of this section the plaintiff may in the same suit attempt to show that a violation of Minnesota Statutes, Chapter 363, has also occurred and that relief under that chapter is also appropriate, providing all the procedural requirements of Minnesota Statutes, Chapter 363, have been met. Alternatively when a charge is filed or a suit commenced alleging a violation of Minnesota Statutes, Chapter 363, the plaintiff may in the same suit attempt to show that a violation of this section has occurred and that relief under this section is also appropriate. In either case, when determining whether or not a violation of Minnesota Statutes, Chapter 363, has occurred the court shall incorporate the substantive requirements of this section into any duties and rights specified by Minnesota Statutes, Chapter 363.

Sec. 3. Minnesota Statutes 1976, Section 356.32, is amended to read:

356.32 [PROPORTIONATE ANNUITY IN CERTAIN CASES.] Subdivision 1. [PROPORTIONATE RETIREMENT ANNUITY.] Notwithstanding any provision to the contrary of the laws governing any of the retirement funds enumerated referred to in subdivision 2, any person who is employed in a position covered by any such fund, who has credit for at least three years but less than ten years of allowable service in such fund or a combination of such funds, and who is required to terminate service at age 65 or earlier pursuant to a mandatory retirement statute or a uniformly applied mandatory retirement policy established by the employer, or who terminates service at age 65 or older for any reason shall be entitled upon application to a proportionate retirement annuity from each such fund in which he has allowable service credit, based upon his allowable service credit at the time of mandatory retirement; provided, however, that nothing in this section shall prevent the actuarial reduction of an annuity for which application is made prior to normal retirement age.

Subd. 2. [COVERED FUNDS.] The provisions of this section shall apply to the following retirement funds:

- (1) State employees retirement fund, established pursuant to chapter 352;
- (2) Correctional employees retirement program, established pursuant to chapter 352;
- (3) Highway patrolmen's retirement fund, established pursuant to chapter 352B;
- (4) Public employees retirement fund, established pursuant to chapter 353;
- (5) Public employees police and fire fund, established pursuant to chapter 353;
- (6) Teachers retirement fund, established pursuant to chapter 354;
- (7) Minneapolis municipal employees retirement fund, established pursuant to chapter 422A any Minnesota public pension plan or fund, including any plan or fund enumerated in Minnesota Statutes, Sections 356.21, Subdivision 2, or 356.30, Subdivision 3, any local police or firefighter's relief association to which Minnesota Statutes, Sections 69.77 or 69.773, apply, or any retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained or supported by any governmental subdivision or public body whose revenues are derived from taxation, fees, assessments or from other public sources, which provides pension or retirement coverage for public employees.

Sec. 4. Minnesota Statutes, 1977 Supplement, Section 363.02, Subdivision 6, is amended to read:

Subd. 6. [AGE.] By law or published retirement policy, a mandatory retirement age may be established without being a viola-

tion of chapter 363 , provided the age limit is established pursuant to a requirement or specific authorization found in some other state statute, not including enactments of only local or special application, or federal statute or the age is not less than 70 years. In determining whether a mandatory retirement violates chapter 363 the provisions of section 1 of this act shall be applicable. Nothing in this chapter nor in section 1 of this act shall prohibit employee pension and retirement plans from granting pension credit to employees over the age of 65 at a lesser rate than is granted to other employees, provided that in no event may an employee's accumulated pension credits be reduced by continued employment, and further provided that no other state or federal law is violated by the reduced rate of pension credit accrual . Nothing in this chapter shall be construed to prohibit the establishment of differential privileges, benefits, services or facilities for persons of designated ages if (a) such differential treatment is provided pursuant to statute, or (b) the designated age is greater than 59 years or less than 21 years.

Sec. 5. Minnesota Statutes, 1977 Supplement, Section 422A.09, Subdivision 3, is amended to read:

Subd. 3. The exempt class shall consist of:

(1) Employees who are members of any other organization or association of the city on behalf of which a tax is levied by the city for the purpose of paying retirement allowances to disabled or superannuated employees.

(2) Persons filling elective position. Provided that any elective officer holding an elective city office, excepting judges of a municipal court, shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance, which shall be granted only upon completion of ten or more years of service.

All retirement allowances shall be computed and determined as provided herein, except that in determining the number of years of service, credit shall be given for time served as an elective officer or employee, or member of an executive board or commission or any combination thereof. Persons who have served in elective positions which qualified them for membership in the fund prior to July 1, 1967, and who immediately thereafter hold elective office, first being appointed to that elective office in Hennepin county in which they served as an elected official, may retain or resume membership in the fund as an elective officer of the county. The county shall collect and pay to the retirement fund the employee contribution. The employer cost of allowances and benefits credited to an elected officer as set forth above shall be paid from the county revenue fund by the proper county officials upon certification of such costs by the retirement board in the same manner as prescribed in section 422A.08 for the payment of costs by public corporations. A tax shall be levied by Hennepin county to defray the cost of such retirement allowances which

may be in addition to all other taxes levied by the county. Before receiving a retirement allowance, or any other benefit, any person who claims credit for service under this section shall contribute to the fund an amount equal to the amount of contributions to the fund which such person would have made had he been a contributor to the fund since the date he first became eligible for membership in the fund, in accordance with the method of contribution herein provided for, plus four percent compound interest.

(3) Persons serving without pay.

(4) Persons employed on a temporary basis, as doorkeepers, ticket takers, and attendants at the municipal auditorium, park recreation facilities, or like activities, employed less than 1000 hours, or its equivalent if employed on any other basis than an hourly basis, in any calendar year from January 1 to December 31, inclusive, provided that employees who are contributing members of the fund on July 1, 1959 shall not be affected by the exclusions contained in this section.

(5) A person who is exempted from the contributing class by Minnesota Statutes 1974, Section 422A.09, Subdivision 3, Clauses (4) and (5), but who is employed by and paid, in whole or in part, by the city or any of its boards, departments, or commissions, operated as a department of the city government or independently, if financed in whole or in part by city funds, including any person employed by a public corporation as herein defined, and including any person employed by the Minneapolis school district, each of whom are not a member of any other retirement system, who later becomes a contributing member of the fund may elect to qualify such time for credit by paying into the fund an amount equal to the amount of contributions to the fund which such person would have made had he been a contributor to the fund since the date he first qualified as an exempt member of the contributing class, in accordance with the method of contribution herein provided, plus four percent compound interest.

(6) Any person who is employed by the city or any of its boards, departments, commissions or a public corporation, as herein outlined, and is excluded from participation in the fund by paragraph (4) shall be separated from the service upon reaching the age of 65 70 regardless of the provisions of the veterans preference act.

Sec. 6. Minnesota Statutes 1976, Section 422A.13, Subdivision 2, is amended to read:

Subd. 2. Subject to the limitations stated in sections 422A.01 to 422A.25, any employee in the contributing class who shall have been employed by the city for ten or more years and shall have attained the established age for retirement, or shall have been employed by the city for 30 or more years all as determined by the retirement board, shall be entitled to retire. Any employee in the contributing class shall be retired upon reaching the age of 65 70 regardless of the provisions of the veterans preference act and

receive a service allowance as specified in sections 356.30, 356.32, or 422A.01 to 422A.25.

Sec. 7. Minnesota Statutes 1976, Chapter 423, is amended by adding a section to read:

[423.076] [RETIREMENT; POLICE AND FIRE DEPARTMENTS.] *A compulsory retirement age of not less than 65 years may be established for persons on the payroll of a police or fire department which does not come within the provisions of section 423.075 or 423.26 without being a violation of section 2 of this act or section 4 of this act.*

Sec. 8. Subdivision 1. *This act is effective as of June 1, 1980, subject to the following exception: no mandatory retirement program or policy established by a collective bargaining agreement between a labor organization and a private employer executed prior to the enactment date of this act which mandates retirement prior to attaining 70 years of age shall be invalidated until the earlier of either August 1, 1980, or the expiration date of the contract.*

Subd. 2. *Nothing contained in this act shall be construed as requiring the rehiring or reinstatement of an employee retired pursuant to a mandatory retirement law or policy which mandates retirement prior to attaining 70 years of age prior to June 1, 1980, or in the case of private employees covered by a collectively bargained contract containing such a mandatory retirement provision, the earlier of August 1, 1980, or the expiration of the contract."*

Amend the title by striking it in its entirety and inserting:

"A bill for an act relating to labor and employment; prohibiting mandatory retirement of public or private employees before the age of 70; rights and remedies of employees; amending Minnesota Statutes 1976, Sections 356.32; 422A.13, Subdivision 2; 423.075, Subdivision 1; and Chapters 181, by adding a section; 423, by adding a section and Minnesota Statutes, 1977 Supplement, Sections 43.051, Subdivision 1; 363.02, Subdivision 6; 422A.09, Subdivision 3."

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. 1013: A bill for an act relating to public welfare; neglected children; defining and providing procedures for termination of parental rights as to neglected children in foster care.

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 257, is amended by adding a section to read:

[257.071] [CHILDREN IN FOSTER HOMES; PLACEMENT; REVIEW.] Subdivision 1. [PLACEMENT; PLAN.] A case plan shall be prepared within 30 days after any child is placed in a foster home by court order or by the voluntary release of the child by his natural parent or parents. By July 1, 1979, a case plan shall be prepared for each child who was residing in a foster home on July 1, 1978 and who has not been returned to the home of his natural parent or parents.

For the purposes of this section, a case plan means a written document signed by the natural parent or parents of the child, the child's legal guardian, the social service agency responsible for the foster home placement, and, if possible, the child. The document shall be explained to all persons involved in its implementation, including the child who has signed the document, and shall set forth:

(1) The specific reasons for the placement of the child in a foster home, including a description of the problems or conditions in the home of the natural parent or parents which necessitated removal of the child from his home;

(2) The specific actions to be taken by the natural parent or parents of the child to eliminate or correct the problems or conditions identified in clause (1), and the time period during which the actions are to be taken;

(3) The financial responsibilities and obligations, if any, of the natural parents for the support of the child during the period the child is in the foster home;

(4) The visitation rights and obligations of the natural parent or parents during the period the child is in the foster home;

(5) The social and other supportive services to be provided to the natural parent or parents of the child, the child, and the foster parents during the period the child is in the foster home;

(6) The date on which the child is expected to be returned to the home of his natural parent or parents;

(7) The nature of the effort to be made by the social service agency responsible for the placement to reunite the family; and

(8) Notice to the natural parent or parents that placement of the child in foster care may result in termination of parental rights but only after notice and a hearing as provided in chapter 260.

The natural parent or parents and the child shall have the right to legal counsel in the preparation of the case plan. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the natural parent or parents or the child or his legal guardian. The natural parent or parents may also receive assistance from any person or social service agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved, the foster parents shall be fully informed of the provisions of the case

plan, knowledge of which is necessary to elicit their full cooperation.

Subd. 2. [SIX MONTH REVIEW OF VOLUNTARY PLACEMENTS.] If the child has been placed in a foster home pursuant to a voluntary release by his natural parent or parents, the case plan shall be reviewed by the persons involved in its preparation 180 days after the initial placement of the child in a foster home if the child is not returned to the home of his natural parent or parents within that time.

Subd. 3. [18 MONTH REVIEW OF VOLUNTARY PLACEMENTS.] If the child has been placed in a foster home pursuant to a voluntary release by his natural parent or parents, and is not returned to his home within 18 months after his initial placement in the foster home, the social service agency responsible for the placement shall:

(a) Return the child to the home of his natural parent or parents; or

(b) File an appropriate petition pursuant to section 260.131 or 260.231.

Sec. 2. Minnesota Statutes 1976, Section 259.29, is amended to read:

259.29 [EFFECT OF ADOPTION.] *Subdivision 1. Upon adoption, such the child shall become the legal child of the persons adopting him, and they shall become his legal parents with all the rights and duties between them of natural parents and legitimate child. By virtue of such the adoption he shall inherit from his adoptive parents or their relatives the same as though he were the legitimate child of such the parents, and in case of his death intestate the adoptive parents and their relatives shall inherit his estate as if they had been his natural parents and relatives in fact. After a decree of adoption is entered the natural parents of an adopted child shall be relieved of all parental responsibilities for such the child, and they shall not exercise or have any rights over such the adopted child or his property. The child shall not owe his natural parents or their relatives any legal duty nor shall he inherit from his natural parents or kindred. Notwithstanding any other provisions to the contrary in this section, the adoption of a child by his step-parent shall not in any way change the status of the relationship between the child and his natural parent who is the spouse of the petitioning step-parent.*

Subd. 2. Notwithstanding the provisions of subdivision 1, the adoption of a child whose natural parent or parents are enrolled in an American Indian tribe shall not change the child's enrollment in that tribe.

Sec. 3. Minnesota Statutes 1976, Section 260.015, is amended by adding a subdivision to read:

Subd. 18. "Neglected and in foster care" means a child

(a) Who has been placed in foster care by court order; and

(b) Whose parents' circumstances, condition, or conduct are such that the child cannot be returned to them; and

(c) Whose parents, despite the availability of needed rehabilitative services, have failed to make reasonable efforts to adjust their circumstances, condition or conduct, or have willfully failed to meet reasonable expectations with regard to visiting the child or providing financial support for the child.

Sec. 4. Minnesota Statutes 1976, Section 260.111, Subdivision 1, is amended to read:

260.111 [JURISDICTION.] Subdivision 1. [CHILDREN WHO ARE DELINQUENT, NEGLECTED, DEPENDENT OR NEGLECTED AND IN FOSTER CARE.] Except as provided in section 260.125, the juvenile court has original and exclusive jurisdiction in proceedings concerning any child who is alleged to be delinquent, a juvenile traffic offender, neglected, *neglected and in foster care*, or dependent, and in proceedings concerning any minor alleged to have been a delinquent or a juvenile traffic offender prior to having become eighteen years of age. The juvenile court shall deal with such a minor as it deals with any other child who is alleged to be delinquent or a juvenile traffic offender.

Sec. 5. Minnesota Statutes 1976, Section 260.131, Subdivision 1, is amended to read:

260.131 [PETITION.] Subdivision 1. Any reputable person, including but not limited to any agent of the commissioner of public welfare, having knowledge of a child in this state or of a child who is a resident of this state, who appears to be delinquent, neglected, ~~or dependent~~, or *neglected and in foster care*, may petition the juvenile court in the manner provided in this section.

Sec. 6. Minnesota Statutes 1976, Section 260.155, is amended by adding a subdivision to read:

Subd. 7. In determining whether a child is neglected and in foster care, the court shall consider, among other factors, the following:

(1) The length of time the child has been in foster care;

(2) The effort the parent has made to adjust his circumstances, conduct, or condition to make it in the child's best interest to return him to his home in the foreseeable future, including the use of rehabilitative services offered to the parent;

(3) Whether the parent has visited the child within nine months, unless it was physically or financially impossible for the parent to visit or not in the best interests of the child to be visited by the parent;

(4) The maintenance of regular contact or communication with the agency or person temporarily responsible for the child;

(5) The appropriateness and adequacy of services provided or offered to the parent to facilitate a reunion;

(6) Whether additional services would be likely to bring about

lasting parental adjustment enabling a return of the child to the parent within an ascertainable period of time; and

(7) The nature of the effort made by the responsible social service agency to rehabilitate and reunite the family.

Sec. 7. Minnesota Statutes 1976, Section 260.191, Subdivision 1, is amended to read:

260.191 [DISPOSITIONS; CHILDREN WHO ARE NEGLECTED, DEPENDENT, OR NEGLECTED AND IN FOSTER CARE.] Subdivision 1. If the court finds that the child is neglected, or dependent, or neglected and in foster care, it shall enter an order making any of the following dispositions of the case:

(a) Place the child under the protective supervision of the county welfare board or child placing agency in his own home under conditions prescribed by the court directed to the correction of the neglect or dependency of the child;

(b) Transfer legal custody to one of the following:

(1) A child placing agency; or

(2) The county welfare board;

(c) If the child is in need of special treatment and care for his physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails to provide this treatment or care, the court may order it provided.

Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition ordered, and shall also set forth in writing the following information:

(a) Why the best interests of the child are served by the disposition ordered; and

(b) What alternative dispositions were considered by the court and why such dispositions were not appropriate in the instant case.

Sec. 8. Minnesota Statutes 1976, Section 260.191, Subdivision 4, is amended to read:

Subd. 4. When it is in the best interests of the child or his parents to do so and when either the allegations contained in the petition have been admitted, or when a hearing has been held as provided in section 260.155 and the allegations contained in the petition have been duly proven, before a finding of neglect or dependency or a finding that a child is neglected and in foster care has been entered the court may continue the case for a period not to exceed 90 days on any one order. Such a continuance may be extended for one additional successive period not to exceed 90 days and only after the court has reviewed the case and entered its order for an additional continuance without a finding that the child is neglected, dependent, or neglected and in foster care of neglect or dependency. During this continuance

the court may enter any order otherwise permitted under the provisions of this section.

Sec. 9. Minnesota Statutes 1976, Section 260.181, Subdivision 3, is amended to read:

Subd. 3. [PROTECTION OF RELIGIOUS AND ETHNIC AFFILIATION.] The court, in transferring legal custody of any child or appointing a guardian for him under the laws relating to juvenile courts, shall place him so far as it deems practicable in the legal custody or guardianship of some individual holding the same religious belief *and the same ethnic origin* as the parents of the child, or with some association which is controlled by persons of like religious faith *and ethnic origin with as the parents. The court may require the county welfare agency to continue efforts to find a guardian of like religious faith or ethnic origin when such a guardian is not immediately available.*

Sec. 10. Minnesota Statutes 1976, Section 260.221, is amended to read:

260.221 [GROUNDS FOR TERMINATION OF PARENTAL RIGHTS.] The juvenile court may, upon petition, terminate all rights of parents to a child in the following cases:

(a) With the written consent of parents who for good cause desire to terminate their parental rights; or

(b) If it finds that one or more of the following conditions exist:

(1) That the parents have abandoned the child; or

(2) That the parents have substantially and continuously or repeatedly refused to give the child necessary parental care and protection; or

(3) That, although the parents are financially able, they have substantially and continuously neglected to provide the child with necessary subsistence, education, or other care necessary for his physical or mental health or morals or have neglected to pay for such subsistence, education or other care when legal custody is lodged with others; or

(4) That the parents are unfit by reason of debauchery, intoxication or habitual use of narcotic drugs, or repeated lewd and lascivious behavior, or other conduct found by the court to be likely to be detrimental to the physical or mental health or morals of the child; or

(5) That following upon a determination of neglect or dependency, reasonable efforts, under the direction of the court, have failed to correct the conditions leading to the determination; or

(6) That in the case of an illegitimate child the person is not entitled to notice of an adoption hearing under section 259.26 and either the person has not filed a notice of his intention to retain parental rights under section 259.261 or that such notice has been successfully challenged; or

(7) *That the child is neglected and in foster care.*

Sec. 11. Minnesota Statutes 1976, Section 260.235, is amended to read:

260.235 [DISPOSITION; PARENTAL RIGHTS NOT TERMINATED.] If, after a hearing, the court does not terminate parental rights but determines that conditions of neglect or dependency exist, *or that the child is neglected and in foster care*, the court may find the child neglected, *or dependent, or neglected and in foster care* and may enter an order in accordance with the provisions of section 260.191.

Sec. 12. Minnesota Statutes 1976, Section 260.291, Subdivision 1, is amended to read:

260.291 [APPEAL.] Subdivision 1. [PERSONS ENTITLED TO APPEAL; PROCEDURE.] An appeal may be taken by the aggrieved person from a final order affecting a substantial right of the aggrieved person, including but not limited to an order adjudging a child to be dependent, neglected, *neglected and in foster care*, delinquent, or a juvenile traffic offender. The appeal shall be taken within 30 days of the filing of the appealable order. The clerk of court shall notify the person having legal custody of the minor of the appeal. Failure to notify the person having legal custody of the minor shall not affect the jurisdiction of the appellate court. The order of the juvenile court shall stand, pending the determination of the appeal, but the reviewing court may in its discretion and upon application stay the order.

Sec. 13. [REPEALER.] *Minnesota Statutes 1976, section 257.07, is repealed.*

Sec. 14. [EFFECTIVE DATE.] *This act is effective July 1, 1978."*

Amend the title as follows:

Strike the title in its entirety and insert:

"A bill for an act relating to children; requiring the preparation of case plans for children placed in foster care; permitting termination of parental rights as to children who are neglected and in foster care; amending Minnesota Statutes 1976, Sections 259.29; 260.015, by adding a subdivision; 260.111, Subdivision 1; 260.131, Subdivision 1; 260.155, by adding a subdivision; 260.191, Subdivisions 1 and 4; 260.181, Subdivision 3; 260.221; 260.235; and 260.291, Subdivision 1; and Chapter 257, by adding a section; repealing Minnesota Statutes 1976, Section 257.07."

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. 1464: A bill for an act relating to charitable trusts; regulating the solicitation of charitable funds; clarifying and

revising registration, filing and reporting requirements; coordinating charitable solicitations with general trust provisions; defining terms; amending Minnesota Statutes 1976, Section 309.50, Subdivisions 3, 4 and 10; 309.515, Subdivision 1; 309.52, Subdivision 4; 309.53, Subdivisions 1a, 3 and 4; 309.532, Subdivisions 1 and 2; 309.555, Subdivisions 1, 2 and 3, and by adding a subdivision; 501.72; 501.74; 501.75; 501.76; 501.77; 501.78, Subdivisions 1, 2 and 4; 501.79, Subdivision 5; 501.81; and Chapter 525, by adding a section; repealing Minnesota Statutes 1976, Section 501.79, Subdivision 3.

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, Section 309.50, Subdivision 3, is amended to read:

Subd. 3. "Charitable purpose" means and includes any charitable, benevolent, philanthropic, patriotic, religious, social service, welfare, educational, or eleemosynary, cultural, artistic, or public interest purpose, either actual or purported.

Sec. 2. Minnesota Statutes 1976, Section 309.50, Subdivision 4, is amended to read:

Subd. 4. "Charitable organization" means any person who engages in or purports to engage in solicitation for a charitable purpose and includes each local county or area division within the state of such charitable organization, provided such local county or area division has authority and discretion to disburse funds or property otherwise than by transfer to any parent organization a chapter, branch, area office or similar affiliate or any person soliciting contributions within the state for a parent charitable organization, but does not include an organization whose primary purpose is supporting or opposing any candidate for elective office, or influencing the nomination for election or the election of any candidate for elective office.

Sec. 3. Minnesota Statutes 1976, Section 309.50, Subdivision 10, is amended to read:

Subd. 10. "Solicit" and "solicitation" mean the request directly or indirectly for any contribution, regardless of which party initiates communication, on the plea or representation that such contribution will or may be used for any charitable purpose, and also mean and include any of the following methods of securing contributions:

- (1) Oral or written request;
- (2) The distribution, circulation, mailing, posting, or publishing of any handbill, written advertisement, or publication;
- (3) The making of any announcement to the press, over the radio, by television, by telephone, or telegraph concerning an appeal, assemblage, athletic or sports event, bazaar, benefit, cam-

paign, contest, dance, drive, entertainment, exhibition, exposition, party, performance, picnic, sale, or social gathering, which the public is requested to patronize or to which the public is requested to make a contribution;

(4) The sale of, offer, or attempt to sell, any advertisement, advertising space, book, card, magazine, merchandise, subscription, ticket of admission, or any other thing, or the use of the name of any charitable person in any offer or sale as an inducement or reason for purchasing any such item, or the making of any statement in connection with any such sale, that the whole or any part of the proceeds from any such sale will be used for any charitable purpose. A "solicitation" as defined herein shall be deemed completed when made, whether or not the person making the same receives any contribution or makes any such sale.

Sec. 4. Minnesota Statutes 1976, Section 309.50, is amended by adding subdivisions to read:

Subd. 11. "Management and general costs" means costs determined to be management and general by generally accepted accounting principles.

Subd. 12. "Fund raising costs" means costs determined to be fund raising by generally accepted accounting principles.

Sec. 5. Minnesota Statutes 1976, Section 309.515, Subdivision 1, is amended to read:

309.515 [EXEMPTIONS.] Subdivision 1. Subject to the provisions of subdivisions 2 and 3, sections 309.52 and 309.53 shall not apply to any of the following:

(a) Charitable organizations:

(1) which did not receive total contributions in excess of \$2,000 \$10,000 from the public within or without this state during the accounting year last ended, and

(2) which do not plan to receive total contributions in excess of such amount from the public within or without this state during any accounting year, and

(3) whose functions and activities, including fund raising, are performed wholly by persons who are unpaid for their services, and

(4) none of whose assets or income inure to the benefit of or are paid to any officer.

For purposes of this chapter, a charitable organization shall be deemed to receive in addition to such contributions as are solicited from the public by it, such contributions as are solicited from the public by any other person and transferred to it. Any organization constituted for a charitable purpose receiving an allocation from a community chest, united fund or similar organization shall be deemed to have solicited that allocation from the public.

(b) Any group or association serving a bona fide religious pur-

pose when the solicitation is connected with such a religious purpose, nor shall such sections apply when the solicitation for such a purpose is conducted for the benefit of such a group or association by any other person with the consent of such group or association. Nothing contained in sections 309.50 to 309.61 shall prevent such a group or association or any such other person from voluntarily filing a registration statement or annual report under sections 309.52 and 309.53. A religious society or organization which received more than half of the contributions it received in the accounting year last ended (1) from persons who are members of the organization; or (2) from a parent organization or affiliated organization; or (3) from a combination of the sources listed in clauses (1) and (2). A religious society or organization which solicits from its religious affiliates who are qualified under this subdivision and who are represented in a body or convention is exempt from the requirements of sections 309.52 and 309.53. The term "member" shall not include those persons who are granted a membership upon making a contribution as a result of a solicitation.

(c) Any educational institution which is under the general supervision of the state board of education, the state university board, the state board for community colleges, or the university of Minnesota or any educational institution which is accredited by the university of Minnesota or the North Central association of colleges and secondary schools, or by any other national or regional accrediting association.

(d) A fraternal, patriotic, social, educational, alumni, professional, trade or learned society which limits solicitation of contributions to persons who have a right to vote as a member. The term "member" shall not include those persons who are granted a membership upon making a contribution as the result of a solicitation.

(e) A charitable organization soliciting contributions for any person specified by name at the time of the solicitation if all of the contributions received are transferred to the person named with no restrictions on his expenditure of it and with no deductions whatsoever.

(f) A private foundation, as defined in section 509(a) of the Internal Revenue Code of 1954, which did not solicit contributions from more than 100 persons during the accounting year last ended.

Sec. 6. Minnesota Statutes 1976, Section 309.52, Subdivision 1a, is amended to read:

Subd. 1a. A charitable organization whose total contributions received during any accounting year are in excess of \$2,000 \$10,000 shall file a registration statement with the department within 30 days after the date on which the organization's total contributions exceeded \$2,000 \$10,000. The registration shall exist unless revoked by a court of competent jurisdiction, or the department, or as provided in subdivision 7. This subdivision shall

not apply to a charitable organization which had filed a registration statement pursuant to this section for the accounting year last ended or to organizations described in section 309.515, subdivision 1.

Sec. 7. Minnesota Statutes 1976, Section 309.52, Subdivision 4, is amended to read:

Subd. 4. Where any ~~local county or area division chapter, branch, area office or similar affiliate~~ of a charitable organization is supervised and controlled by a superior or parent organization located within or outside the state, ~~such local county or area division shall not be required to register under this section if the superior or parent organization files a registration statement on behalf of the local county or area division the affiliate may file a registration statement on behalf of the parent organization in addition to or as part of its own registration statement, or the parent organization may file a registration statement on behalf of the affiliate in addition to or as part of its own registration statement.~~

Sec. 8. Minnesota Statutes 1976, Section 309.53, Subdivision 1, is amended to read:

309.53 [ANNUAL REPORT.] Subdivision 1. Except as otherwise provided in subdivision 1a of this section, every charitable organization required to file a registration statement pursuant to section 309.52 shall file an annual report with the department of commerce upon forms provided by the department or on forms identical thereto on or before June 30 of each year if its books are kept on a calendar year basis, or within six months after the close of its fiscal year if its books are kept on a fiscal year basis. For cause shown the department may extend the time for filing the annual report for a period not to exceed three months. The annual report shall be accompanied by a filing fee of \$10 which shall be deposited in the state treasury.

Sec. 9. Minnesota Statutes 1976, Section 309.53, Subdivision 3, is amended to read:

Subd. 3. ~~Such~~ *The* financial statement shall include a balance sheet, and statement of income and expense, ~~and statement of functional expenses,~~ shall be consistent with forms furnished by the department, and shall be prepared in accordance with generally accepted accounting principles so as to make a full disclosure of the following, including necessary allocations between each item and the basis of such allocations:

(a) Total receipts and total income from all sources; broken down into total receipts and income from each separate solicitation project or source;

(b) Cost of ~~administration management and general~~;

(c) Cost of ~~solicitation fund raising~~;

(d) Cost of programs designed to inform or educate the public education;

(e) Funds or properties transferred out of state, with explanation as to recipient and purpose;

(f) Total net amount disbursed or dedicated within this state, broken down into total amounts disbursed or dedicated for each major purpose, charitable or otherwise;

(g) Names of professional fund raisers used during the accounting year and the financial compensation or profit resulting to each professional fund raiser. *Unless otherwise required by this subdivision, the financial statement need not be certified.*

A financial statement of a charitable organization which has solicited from the public within or outside this state total contributions in excess of \$25,000 for the 12 months of operation covered by the statement shall be accompanied by an opinion signed by a certified public accountant that such statement fairly represents the financial operations of the charitable organization in sufficient detail to permit public evaluation of its operations. In giving such opinion the certified public accountant shall take into consideration capital, endowment or other reserve funds, if any, controlled by the charitable organization. The opinion need not conform to the wording of the opinion form of the annual report forms provided by the department.

Sec. 10. Minnesota Statutes 1976, Section 309.53, Subdivision 4, is amended to read:

Subd. 4. Where a registration statement has been filed by a ~~superior or parent organization or affiliate as provided in section 309.52, subdivision 4, it shall the registered parent organization~~ may file the annual report required under this section on behalf of the local county or area division chapter, branch, area office, similar affiliate or person in addition to or as part of its own report, ~~but or the registered affiliate may file the annual report required under this section on behalf of the parent organization in addition to or as part of its own report.~~ The accounting information required under this section shall be set forth separately and not in consolidated form with respect to every local county or area division chapter, branch, area office, similar affiliate or person within the state which raises or expends more than \$5,000 \$10,000. The department of commerce may permit any chapter, branch, area office, similar affiliate or person to file a consolidated statement with any other chapter, branch, area office, similar affiliate or person or parent organization if the attorney general determines that the interests of the charitable beneficiaries will not be prejudiced thereby and that separate accounting information is not required for proper supervision.

Sec. 11. Minnesota Statutes 1976, Chapter 309, is amended by adding a section to read:

[309.533] [INVESTIGATIONS; PROCEEDINGS.] Subdivision 1. *The commissioner in his discretion.*

(a) *may make public or private investigations within or outside the state as he deems necessary to determine whether any person*

has violated or is about to violate any provision of sections 309.50 to 309.61 or any rule or order thereunder, or to aid in the enforcement of sections 309.50 to 309.61 in the prescribing of rules and forms thereunder, and may publish information, concerning the violation of sections 309.50 to 309.61 or any rule or order thereunder.

(b) may require or permit any person to file a statement in writing, under oath or otherwise as the commissioner determines, as to all facts and circumstances concerning the matter being investigated.

Subd. 2. For the purpose of any investigation or proceeding under sections 309.50 to 309.61, the commissioner or any person designated by him may administer oaths and affirmations, subpoena witnesses and compel their attendance, take evidence and require the production of any books, papers, correspondence, memoranda, agreements or other documents or records which the commissioner deems relevant or material to the inquiry.

Subd. 3. No person is excused from attending and testifying or from producing any document or record before the commissioner, in obedience to the subpoena of the commissioner or any person designated by him in any proceedings instituted by the commissioner, on the ground that the testimony or evidence required of him may tend to incriminate him or subject him to a penalty or forfeiture, but no individual may be prosecuted or subjected to any penalty or forfeiture for an account of any transaction, matter or thing concerning which he is compelled, after claiming his privilege against self incrimination, to testify or produce evidence, except that the individual testifying is not exempt from prosecution and punishment for perjury or contempt committed in testifying.

Subd. 4. In case of contumacy by, or refusal to obey a subpoena to, any person, the district court, upon application by the commissioner, may issue to the person an order directing him to appear before the commissioner or the officer designated by him, there to produce documentary evidence if so ordered or to give evidence touching the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.

Sec. 12. Minnesota Statutes 1976, Chapter 309, is amended by adding a section to read:

[309.534] [CEASE AND DESIST ORDERS; INJUNCTIONS; RECEIVERS.]*Subdivision 1. Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule or order hereunder:*

(a) He shall have the power to issue and cause to be served upon the person an order requiring him to cease and desist from violations of sections 309.50 to 309.61. The order shall be calculated to give reasonable notice of the rights of the person to request a hearing thereon and shall state the reason for the entry of the order. A hearing shall be held not later than seven days

after the request for the hearing is received by the commissioner after which and within 20 days of the date of the hearing the commissioner shall issue a further order vacating the cease and desist order or making it permanent as the facts require. All hearings shall be conducted in accordance with the provisions of chapter 15. If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person shall be deemed in default, and the proceeding may be determined against him upon consideration of the cease and desist order, the allegations of which may be deemed to be true. The commissioner may adopt rules of procedure concerning all proceedings conducted pursuant to this subdivision.

(b) He may bring an action in the district court in the appropriate county to enjoin the acts or practices and to enforce compliance with sections 309.50 to 309.61 or any rule or order thereunder and he may refer the matter to the attorney general. This section shall in no way alter the authority of the attorney general to prosecute violations as set forth in sections 309.57 and 309.59. Upon a proper showing, a permanent or temporary injunction, restraining order or writ of mandamus shall be granted and a receiver may be appointed for the defendant or the defendant's assets. The court may not require the commissioner to post a bond.

Subd. 2. In any proceeding under the provisions of sections 309.50 to 309.61 in relation to injunction or receivership, the same may be brought on for hearing and disposition upon an order to show cause returnable upon not more than eight days notice to the defendant therein. The cases shall have precedence over other cases upon the court calendar, and shall not be continued without the consent of the state, except upon good cause shown to the court, and then only for the reasonable length of time necessary in the opinion of the court to protect the rights of the defendant party.

Sec. 13. Minnesota Statutes 1976, Section 309.555, is amended to read:

309.555 [LIMITATIONS ON CHARITABLE EXPENDITURES.] Subdivision 1. Except as provided in subdivision 2, no charitable organization shall pay or agree to pay to any professional fund raiser as compensation for his services or as reimbursement for expenses, or both, an amount in excess of 30 percent of the gross amount of moneys, funds, pledges or other property raised or received by such professional fund raiser in the name of the charitable organization.

Subd. 1a. Any charitable organization which is required to register pursuant to section 309.52 and which expends or agrees to expend an unreasonable amount for management and general costs and fund raising costs shall not be eligible to maintain registration with the department. An amount expended or agreed to be expended by a charitable organization for management and general costs and fund raising costs in excess of 30 percent of total income and revenue is presumed to be an unreasonable

amount. An amount expended or agreed to be expended by a charitable organization for management and general costs and fund raising costs of 30 percent or less of total income and revenue may be challenged as unreasonable by the department or the attorney general. Any expenditures made in violation of this provision shall be recoverable from the charitable organization by the attorney general.

Subd. 1b. Any professional fund raiser who receives or agrees to receive an unreasonable amount for management and general costs and fund raising costs shall not be eligible to maintain a license with the department. An amount received or agreed to be received by a professional fund raiser for management and general costs and fund raising costs in excess of 30 percent of the total contributions raised or received by reason of any solicitation activities is an unreasonable amount. An amount received or agreed to be received by a professional fund raiser for management and general costs and fund raising costs of 30 percent or less of the total contribution raised or received by reason of any solicitation activities may be challenged as unreasonable by the department or the attorney general. Any expenditures made in violation of this provision shall be recoverable by the attorney general from the charitable organization or professional fund raiser or both.

Subd. 2. In the event that goods or services are provided to the public in connection with charitable solicitation, when a professional fund raiser is employed, no charitable organization or professional fund raiser shall pay or agree to pay to any professional fund raiser as compensation for his services or as reimbursement of expenses, or both, expend or agree to expend an unreasonable amount for management and general costs and fund raising costs, which is presumed to be an amount in excess of 30 percent of the difference between the cost to the charitable organization of all goods and services sold by the professional fund raiser and the amount for which said goods and services are sold.

Subd. 3. Compensation paid or agreed to be paid to a professional fund raiser shall include the reasonable cost of any expense, whether in money or in kind, incurred by a charitable organization pursuant to an agreement or contract with a professional fund raiser for the solicitation of charitable contributions. Expenditures made or agreed to be made for management and general costs or fund raising costs shall include payments made or agreed to be made to professional fund raisers as compensation for services or reimbursement for expenses, or both. A charitable organization shall be deemed to have paid expended or agreed to pay expend any portion of such moneys, funds, pledges or other properties contributions retained by the professional fund raiser pursuant to a contract with the charitable organization. Expenditures made or agreed to be made for management and general costs or fund raising costs shall also include payments made or agreed to be made to employees of the charitable organization and other persons.

Subd. 4. No person shall use the name of a charitable organization for financial compensation or profit unless the charitable organization has consented to the use of its name in a contract with the person. The contract shall:

(a) be in writing, and a copy thereof shall be filed with the department within seven days of the date of execution;

(b) disclose the amount of financial compensation or profit to be retained by the person;

(c) disclose the percentage of the total gross amount of moneys, funds, pledges or other property raised or received or to be raised or received in connection with the use of the name of the charitable organization which will be given to the charitable organization.

Subd. 5. In an action brought by the department or the attorney general pursuant to sections 309.532 or 309.57, a charitable organization may interpose as a defense to a violation of section 309.555 that fund raising costs and management and general costs in excess of 30 percent are reasonable because of extenuating or mitigating circumstances.

Sec. 14. Minnesota Statutes 1976, Section 309.56, Subdivision 1, is amended to read:

309.56 [SERVICE OF PROCESS.] Subdivision 1. Any charitable organization or professional fund raiser which solicits contributions in this state, but does not maintain an office within the state shall be subject to service of process, as follows:

(a) By service thereof on its registered agent within the state, or if there be no such registered agent, then upon the person who has been designated in the registration statement as having custody of books and records within this state; where service is effected upon the person so designated in the registration statement a copy of the process shall, in addition, be mailed to the charitable organization or professional fund raiser at its last known address;

(b) When a charitable organization or professional fund raiser has solicited contributions in this state, but maintains no office within the state, has no registered agent within the state, and no designated person having custody of its books and records within the state, or when a registered agent or person having custody of its books and records within the state cannot be found as shown by the return of the sheriff of the county in which such registered agent or person having custody of books and records has been represented by the charitable organization or professional fund raiser as maintaining an office, service may be made by delivering to and leaving with the commissioner of securities of the department of commerce three copies thereof and a fee of \$6 leaving a copy of the process in the office of the commissioner. Service upon the commissioner is not effective unless (a) the plaintiff, who may be the commissioner in a suit, action, or proceeding instituted by him, forthwith sends notice of the service and a copy of the process by registered mail to the defendant or respondent at his last known address or takes other steps which are reason-

ably calculated to give actual notice, and (b) the plaintiff's affidavit of compliance with this subdivision is filed in the case on or before the return day of the process, if any, or within a further time the court allows.

(e) Following service upon the commissioner of securities of the department of commerce the provisions of law relating to service of process on foreign corporations contained in Minnesota Statutes 1957, Section 303.13, Subdivisions 2, 3, 4, and 5, shall thereafter govern.

Sec. 15. Minnesota Statutes 1976, Section 501.74, is amended to read:

501.74 [EXCLUSIONS.] The registration and reporting provisions of sections 501.75 and 501.76 shall not apply to

(a) A charitable trust administered by the United States, any state, territory or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico or to any of their agencies or subdivisions.

(b) An educational institution which is under the general supervision of the state board of education, the state university board, the state board for community colleges, or the university of Minnesota or the north central association of colleges and secondary schools, or by any other national or regional accrediting association, and all charitable trusts organized and operated exclusively for educational purposes which are administered by any such institution.

(c) Religious associations organized pursuant to chapters 315 and 317 and all charitable trusts organized and operated exclusively for religious purposes which are administered by any such religious association.

(d) Institutions and corporations organized and operated as hospitals or as medical centers engaged in medical care, education and research.

(e) An organization described in section 509(a) (3) of the Internal Revenue Code of 1954 which is operated, supervised or controlled by or in connection with one or more organizations described in clauses (b) to (d) of this section; a pooled income fund as defined in section 642(c) (5) of the Internal Revenue Code of 1954 which is maintained by an organization described in clauses (b) to (d) of this section, and a charitable remainder annuity trust or unitrust, as defined in section 664 of the Internal Revenue Code of 1954, of which the trustee is an organization described in clauses (b) to (d) of this section.

(f) A trust in which the only charitable interest is a contingent interest for which no charitable deduction has been allowed for

Minnesota income, inheritance or gift tax purposes and a trust not all of the unexpired interests in which are devoted to one or more charitable purposes and in which the only charitable interest is an annuity or an income interest with respect to which a charitable deduction is allowed the trust under applicable Minnesota income tax laws.

(g) An organization which does not have at least \$5,000 \$10,000 of gross assets at any time during a taxable year and which normally receives more than two thirds of its support each year from the general public or from the United States, any state, territory or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico or any of their agencies .

(h) Any organization which is subject to the requirements of sections 309.50 to 309.61.

(i) A trust for individual and charitable beneficiaries which is described in section 4947(a)(2) of the Internal Revenue Code of 1954, also known as a split-interest trust.

(j) A charitable gift, bequest or devise not held and continued by a private express trust or corporation even though the gift, bequest or devise creates a fiduciary relationship, unless there is no named charitable beneficiary in existence or unless a named charitable beneficiary elects in a writing filed with the attorney general and with the fiduciary to come within the provisions of sections 501.75 and 501.76.

Sec. 16. Minnesota Statutes 1976, Section 501.75, is amended to read:

501.75 [REGISTER OF TRUSTS AND TRUSTEES.] Subdivision 1. The secretary of state securities division of the department of commerce shall establish and maintain a register of charitable trusts and trustees subject to the provisions of sections 501.71 to 501.81. All registrations, annual reports and other filings made pursuant to sections 501.71 to 501.81 shall be transferred by the secretary of state to the securities division of the department of commerce. All registrations and annual reports filed with the secretary of state shall remain in effect as if there had been no transfer in the register.

Subd. 2. Every charitable trust subject to the provisions of sections 501.71 to 501.81 shall register and file with the secretary of state securities division a copy of the instrument creating the charitable trust, including any amendments thereto, within three months after the charitable trust first receives possession or control of any property authorized or required to be applied, either at present or in the future, for charitable purposes. If a trustee holds any property on August 1, 1975, which is authorized or required to be applied, either at present or in the future, for charitable purposes, the filing and registration shall be made within three months after August 1, 1975.

Sec. 17. Minnesota Statutes 1976, Section 501.76, is amended to read:

501.76 [FILING OF ANNUAL REPORTS.] Subdivision 1. Every charitable trust subject to the provisions of sections 501.71 to 501.81 shall, in addition to filing copies of the instruments previously required, file with the *secretary of state securities division of the department of commerce* annual written reports setting forth any information as described in *section the trust is required to report pursuant to sections 6056(b) 6033, 6034 and 6056 of the Internal Revenue Code of 1954*. These reports shall be filed annually on or before the fifteenth day of the fifth month following the close of the charitable trust's taxable year as established for federal tax purposes. The time for filing may be extended by application to the *secretary of state securities division*, but no such extension shall be for more than six months. *A charitable trust which files the information required under this subdivision with the securities division is not required to file the same information with the commissioner of revenue.*

Subd. 2. The *secretary of state securities division* may suspend the filing of reports as to a particular charitable trust for a reasonable, specifically designated time upon written application of the trustee filed with the *secretary of state securities division* and after the attorney general has filed in the register of charitable trusts a written statement that the interests of the beneficiaries will not be prejudiced thereby and that annual reports are not required for proper supervision by his office.

Sec. 18. Minnesota Statutes 1976, Section 501.77, is amended to read:

501.77 [PUBLIC INSPECTION OF RECORDS.] The register, copies of instruments, and the reports filed with the *secretary of state securities division of the department of commerce* shall be open to public inspection.

Sec. 19. Minnesota Statutes 1976, Section 501.78, Subdivision 1, is amended to read:

501.78 [INVESTIGATORY POWERS OF THE ATTORNEY GENERAL; CUSTODIANS TO FURNISH COPIES OF RECORDS.] Subdivision 1. The attorney general may conduct investigations reasonably necessary for the administration of sections 501.71 to 501.81 and for the purpose of determining whether the property held for charitable purposes is properly administered. He may require any agent, trustee, fiduciary, beneficiary, institution, association, or corporation or other person, to answer written interrogatories reasonably related to the administration of a charitable trust, or to appear, at a reasonable time and place as the attorney general may designate, to give information under oath and to produce books, memoranda, papers, documents of title, and evidence of assets, liabilities, receipts or disbursements in the possession or control of the person ordered to appear. In connection with an investigation under this section the attorney general may obtain discovery from any agent, trustee, fiduciary, beneficiary, institution, association, corporation or other person regarding any matter, fact or circumstance, not privileged, which is relevant to the subject matter involved in the investigation, in accordance

with the provisions of this subdivision. The discovery may be obtained without commencement of a civil action and without leave of court, except as expressly required by the provisions of subdivision 2. The applicable protective provisions of rules 26.02, 30.02, 30.04 and 31.04 of the rules of civil procedure for the district court shall apply to any discovery procedures instituted pursuant to this section. The attorney general or any person to whom discovery is directed may apply to and obtain leave of the district court in order to reduce or extend the time requirements of this subdivision, and upon a showing of good cause the district court shall order a reduction or extension. In order to obtain discovery, the attorney general may:

(a) Serve written interrogatories on any person. Within 20 days after service of interrogatories, separate written answers and objections to each interrogatory shall be mailed to the attorney general.

(b) Upon reasonable written notice of no less than 15 days, require any person to produce for inspection and copying any documents, papers, books, accounts, letters, photographs, objects, or tangible things which are in his possession, custody, or control.

(c) Upon reasonable written notice of no less than 15 days, take the testimony of any person by deposition as to any fact or opinion relevant to the subject matter involved in the pending investigation.

Sec. 20. Minnesota Statutes 1976, Section 501.78, Subdivision 2, is amended to read:

Subd. 2. When the attorney general requires the attendance of any person, as provided in subdivision 1, he shall issue an order setting forth the time when and the place where attendance is required and shall cause the same to be delivered to or sent by registered mail to the person at least 14 days before the date fixed for attendance. The order shall have the same force and effect as a subpoena and, upon application of the attorney general, obedience to the order may be enforced by any court having jurisdiction of charitable trusts in the county where the person receiving it resides or is found, in the same manner as though the notice were a subpoena. The court, after hearing, for cause, and upon application of any person aggrieved by the order, shall have the right to alter, amend, revise, suspend or postpone all or any part of its provisions. If any person fails or refuses to answer interrogatories, to produce materials, or to be examined under oath, as required by the provisions of subdivision 1, the attorney general may give notice that he will apply to the district court in the county where the person receiving it resides or is found, and the court, on a showing by the attorney general of cause therefor, may issue an order as may be required to compel compliance with the discovery procedures authorized by this section.

Sec. 21. Minnesota Statutes 1976, Section 501.78, Subdivision 4, is amended to read:

Subd. 4. Every officer, agency, board or commission of this

state receiving applications for exemption from taxation of any charitable trust subject to sections 501.71 to 501.81 shall annually file with the ~~secretary of state securities division of the department of commerce~~ a list of all applications received during the year and shall notify the ~~secretary of state division~~ of any suspension or revocation of a tax exempt status previously granted.

Sec. 22. Minnesota Statutes 1976, Section 501.79, Subdivision 2, is amended to read:

Subd. 2. ~~Except as provided in subdivision 3,~~ The attorney general shall be notified of and has the right to participate as a party in all court proceedings:

(a) To terminate a charitable trust or to liquidate or distribute its assets, or

(b) To modify or depart from the objects or purposes of a charitable trust as are set forth in the instrument governing the trust, including any proceeding for the application of the doctrine of cy pres, or

(c) To construe the provisions of an instrument with respect to a charitable trust, or

(d) To review an accounting of a charitable trust submitted by a trustee, or

(e) Any other proceeding involving a charitable trust when the interests of the uncertain or indefinite charitable beneficiaries may be affected.

Sec. 23. Minnesota Statutes 1976, Section 501.79, Subdivision 3, is amended to read:

Subd. 3. ~~No~~ The notice required by subdivision 2 need not be provided to the attorney general of a charitable gift, devise under a will for which no charitable trust is created, or bequest (1) for which the donor or testator has named as a charitable beneficiary an organization which is then in existence; or (2) which is not held and continued by a private express trust or corporation, whether or not the gift, devise, or bequest creates a fiduciary relationship.

This subdivision shall not affect any other notice to the attorney general required by this chapter.

Sec. 24. Minnesota Statutes 1976, Section 501.79, Subdivision 5, is amended to read:

Subd. 5. Whenever a will provides for a bequest or devise to a charitable trust, The personal representative shall send to the attorney general a copy of the petition or application for probate together with a copy of the last will and testament, including any codicils which have been admitted to probate :

(a) when a will provides for a bequest or devise for a charitable purpose for which there is no named charitable beneficiary, or there is then in existence no named charitable beneficiary; or

(b) when a will provides for bequests or devises for charitable purposes in excess of \$60,000; or

(c) when a will provides for a bequest or devise to a named charitable beneficiary which is in receivership; or

(d) upon a written request served on the personal representative by any named charitable beneficiary prior to the order allowing the final account or, in unsupervised proceedings, within 30 days after service of the final account on the charitable beneficiary.

The personal representative shall serve the documents on the attorney general and shall file with the appropriate court a copy of the affidavit of service on the attorney general. If the personal representative was requested to notify the attorney general of the probate proceedings pursuant to clause (d), the party so requesting shall file with the court a copy of the request and the affidavit of service on the personal representative.

Whenever objections are filed to any will or codicil containing any bequest or devise to a charitable trust, the person filing such the objections, at least 14 days prior to the hearing thereon, shall send to the attorney general a copy of such the objections, together with a copy of the petition or application for probate and a copy of the will, together with any codicils thereto which have been offered for probate.

Any notice or documents required to be sent to the attorney general pursuant to this section shall be served by certified mail, return receipt requested. Upon receiving any such notice or documents pursuant to this subdivision the attorney general may become a party in the estate proceeding.

Sec. 25. Minnesota Statutes 1976, Section 501.81, Subdivision 3, is amended to read:

Subd. 3. In any proceeding brought by the attorney general, or in which the attorney general intervenes, pursuant to sections 501.71 to 501.81; the judgment or order may provide that the trustee shall pay the reasonable expenses necessarily incurred by the attorney general in the investigation and prosecution of such action, including attorneys' fees, if it shall also be determined in such proceeding that the trustee has been guilty of an intentional or grossly negligent breach of trust as defined in section 501.70, subdivision 5, or as otherwise provided by law.

Sec. 26. Minnesota Statutes 1976, Section 501.81, Subdivision 4, is amended to read:

Subd. 4. All moneys received by the attorney general and the secretary of state pursuant to this section shall be deposited in the state treasury and shall be credited to the general fund.

Sec. 27. Minnesota Statutes 1976, Chapter 524, is amended by adding a section to read:

[524.1-404.] [NOTICE TO CHARITABLE BENEFICIARIES.] If a will includes a gift, devise or bequest to a named

charitable beneficiary, the initial written notice of the probate proceedings given to the beneficiary shall state that the beneficiary may request notice of the probate proceedings be given to the attorney general pursuant to section 501.79, subdivision 5.

Sec. 28. Minnesota Statutes 1976, Chapter 525, is amended by adding a section to read:

[525.831] [NOTICE TO ATTORNEY GENERAL OF DEVISES FOR CHARITABLE PURPOSES.] *Whenever a will provides for a devise for a charitable purpose, as defined in section 501.73, subdivision 2, the personal representative shall provide the attorney general with the notices or documents, if any, required by section 501.79, subdivision 5.*

Sec. 29. [REPEALER.] *Minnesota Statutes 1976, Sections 309.52, Subdivisions 5, 6, and 8; 309.53, Subdivision 5; and 501.81, Subdivisions 1 and 2, are repealed.*

Sec. 30. *Sections 1 to 12 and sections 14, 24 and 29 are effective the day after final enactment; section 13 is effective June 30, 1979."*

Amend the title as follows:

Page 1, line 8, after "10" insert ", and by adding subdivisions"

Page 1, line 9, strike the second "Subdivision" and insert "Subdivisions 1a and"

Page 1, line 10, strike "1a" and insert "1"

Page 1, line 10, strike "309.532,"

Page 1, line 11, strike "Subdivisions 1 and 2;"

Page 1, line 11, strike ", Subdivisions 1, 2" and insert "; 309.56, Subdivision 1;"

Page 1, strike line 12

Page 1, line 14, strike "Subdivision" and insert "Subdivisions 2, 3, and"

Page 1, line 15, after "501.81" insert ", Subdivisions 3 and 4"

Page 1, line 15, strike "Chapter" and insert "Chapters 309, by adding sections; 524, by adding a section; and"

Page 1, line 16, strike "Section 501.79," and insert "Sections 309.52, Subdivisions 5, 6, and 8; 309.53, Subdivision 5; and 501.81, Subdivisions 1 and 2."

Page 1, strike line 17

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 the following appointment as reported in the Journal for February 9, 1978:

MINNESOTA ENVIRONMENTAL QUALITY BOARD

Allan E. Mulligan

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. Willet from the Committee on Agriculture and Natural Resources, to which was referred the following appointment as reported in the Journal for March 1, 1978:

STATE SOIL AND WATER CONSERVATION BOARD

Clarence Ettesvoid

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. Willet from the Committee on Agriculture and Natural Resources, to which were referred the following appointments as reported in the Journal for March 1, 1978:

MINNESOTA POLLUTION CONTROL AGENCY

Art Engelbrecht

Steve Gadler

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. Olson from the Committee on General Legislation and Veterans Affairs, to which was referred the following appointment as reported in the Journal March 9, 1978:

BOARD OF THE ARTS

Stephen F. Keating

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. Olson from the Committee on General Legislation and Veterans Affairs, to which was referred the following appointment as reported in the Journal March 8, 1978:

BOARD OF THE ARTS

Mary Leach

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. Coleman from the Committee on Rules and Administration, to which were referred H. F. Nos. 1977, 1865, 499, and 1898 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.
1977	1946				
1898	1764				
499	2044				
1865	1726				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 1977 be amended as follows:

Page 1, line 15, delete "*present*"

Page 1, line 16, after "(5)" insert "*in effect on the effective date of this act*"

Page 1, line 19, delete "*such person*" and insert "*he*"

Page 1, line 22, after "*to*" insert "*his*"

Page 2, line 1, delete "*; and upon*" and insert a new period

Page 2, line 2, delete "*petition*"

Page 2, delete line 3

Page 2, line 4, delete "*such*" and insert "*the*"

Page 2, line 6, after "*entered*" insert "*pursuant to this subdivision*"

Page 2, line 9, before the period insert "*, unless possession of marijuana is material to a proceeding*"

Page 2, after line 9 add a section to read

"Sec. 2. *This act is effective April 11, 1978.*"

And when so amended H. F. No. 1977 will be identical to S. F. No. 1946, and further recommends that H. F. No. 1977 be given its second reading and substituted for S. F. No. 1946, 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. 1898 be amended as follows:

Page 1, line 12, delete "a procedure" and insert "test procedures"

Page 1, delete lines 16 and 17

Page 1, line 18, delete "employee's option," and insert

"The procedures need not be adopted as rules but they must be consistent with other applicable laws, rules and duly adopted plans of the state relating to affirmative action. The test procedures shall consist of a 700 hour on-the-job trial work experience which will be in lieu of a competitive examination and for which the employee would be paid or unpaid at the employee's option. This work experience shall be"

Page 1, line 20, delete "multiple" and insert "other"

Page 2, line 4, delete "such a" and insert "the"

Further, amend the title as follows

Line 2, delete "public employment;"

And when so amended H. F. No. 1898 will be identical to S. F. No. 1764, and further recommends that H. F. No. 1898 be given its second reading and substituted for S. F. No. 1764, 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. 1865 be amended as follows:

Page 1, line 12, restore "any fraction thereof," and after "not" insert "or"

Page 1, delete lines 15 to 22

Page 3, line 1, delete "judges' " and insert "judges"

Page 3, line 5, delete "this act" and insert "sections 1 and 2"

Renumber the sections in sequence

Further, amend the title

Line 3, after the semicolon insert "refunds to surviving spouses of judges;"

Lines 4 and 5, delete " , and by adding a subdivision"

And when so amended H. F. No. 1865 will be identical to S. F. No. 1726, and further recommends that H. F. No. 1865 be given its second reading and substituted for S. F. No. 1726, 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. 499 be amended as follows:

Page 2, line 21, after the period insert "(c)"

And when so amended H. F. No. 499 will be identical to S. F. No. 2044, and further recommends that H. F. No. 499 be given its second reading and substituted for S. F. No. 2044, and that the Senate File be indefinitely postponed.

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

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

H. F. No. 1914 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File 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.
1914	1884				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 1914 be amended as follows:

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

Page 3, line 15, delete "\$5" and insert "\$3"

Page 3, line 18, delete "\$5" and insert "\$3"

Page 4, line 8, delete "\$5" and insert "\$3"

Page 4, line 21, delete "\$5" and insert "\$3"

Page 4, line 31, after the first "assessed" insert "against any person convicted of a petty misdemeanor nor" and delete "where" and insert "in which"

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 of 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 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 18, delete "This act is" and insert "Sections 1 to 7 are"

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 order

Further amend the title as follows:

Page 1, line 2, delete "county" and insert "and Pennington counties"

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

Page 1, line 4, before the period insert "on civil and certain criminal cases"

And when so amended H. F. No. 1914 will be identical to S. F. No. 1884, and further recommends that H. F. No. 1914 be given its second reading and substituted for S. F. No. 1884, 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:

S. F. No. 1643: Messrs. Sikorski, Nelson, and Renneke.

H. F. No. 1323: Messrs. Hughes, Anderson, and Ueland, A.

H. F. No. 2493: Messrs. Moe, Lewis, Humphrey, Kleinbaum, and Kirchner.

H. F. No. 2494: Messrs. Moe, Lewis, Humphrey, Kleinbaum, and Kirchner.

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

SECOND READING OF SENATE BILLS

S. F. Nos. 1849, 2188, 1577, 1095, 2184, 2148, 1706, 1642, 437, 1864, 2000, 1013 and 1464 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. 1977, 1898, 499, 1865 and 1914 were read the second time.

MOTIONS AND RESOLUTIONS

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

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

Dr. Joseph Simonson, Chaplain, effective March 6, 1978

Monsignor Ambrose V. Hayden, Chaplain, effective March 8, 1978

Rev. Richard Nelson, Chaplain, effective March 13, 1978

Monsignor Terrance J. Murphy, Chaplain, effective March 14, 1978

Rabbi Harold Schechter, Chaplain, effective March 15, 1978

Rev. Richard Bolling, Chaplain, effective March 16, 1978

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

Mr. McCutcheon moved that H. F. No. 2250 be taken from the table. The motion prevailed.

CALL OF THE SENATE

Mr. McCutcheon imposed a call of the Senate for the balance of the proceedings on H. F. No. 2250. The following Senators answered to their names:

Anderson	Dunn	Knutson	Penny	Staples
Ashbach	Engler	Laufenburger	Peterson	Stokowski
Bang	Gearty	Lessard	Pillsbury	Strand
Benedict	Gunderson	Luther	Purfeerst	Stumpf
Bernhagen	Hanson	McCutcheon	Renneke	Tennessen
Brataas	Hughes	Moe	Schmitz	Ueland, A.
Chmielewski	Johnson	Nelson	Schrom	Ulland, J.
Coleman	Keefe, S.	Ogdahl	Setzepfandt	Vega
Davies	Kirchner	Olhoff	Sieloff	Willet
Dieterich	Knaak	Olson	Spear	

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

SUSPENSION OF RULES

Mr. McCutcheon moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 2250 and that the rules of the Senate be so far suspended as to give H. F. No. 2250 its second

and third reading and place it on its final passage. The motion prevailed.

H. F. No. 2250 was read the second time.

H. F. No. 2250: A bill for an act relating to taxation; increasing credits available to certain taxpayers; removing sales taxes on residential heating fuels; providing additional refunds for residential heating costs for certain taxpayers; reducing the income tax rate on corporations; eliminating the arithmetic average from the formula used for the apportionment of trade or business income among states; amending Minnesota Statutes 1976, Sections 290.06, Subdivisions 1 and 3d; 290.19, Subdivision 1; 290.361, Subdivision 2; 290A.07, Subdivision 1; 297A.25, Subdivision 1; Chapter 290, by adding a section; and Chapter 290A, by adding a section; and Minnesota Statutes, 1977 Supplement, Sections 290.06, Subdivision 3c; and 290A.06.

Mr. McCutcheon moved to amend H. F. No. 2250, 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.41) 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 receipts 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, sub-contractors, 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 meets 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 3a~~ 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, \$30 \$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 a 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 at-*

tained 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 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 \$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 computed 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 nonrecognition 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 expenditures 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 552(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 pay-

ment 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."*

Further, amend the title by striking it and inserting

"A bill for an act relating to taxation; 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 dependents 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, Sections 290.031, Subdivisions 1, 2, 3, 5, and 6; 290.06, Subdivisions 3a and 3b; 290.921; and 290.922; and Min-

nesota Statutes, 1977 Supplement, Section 290.031, Subdivision 4."

The motion prevailed. So the amendment was adopted.

Mr. Stokowski moved to amend H. F. No. 2250, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 2051.)

Pages 26 and 27, strike Article VIII

Renumber the remaining articles in sequence

Further, amend the title as follows:

Page 1, strike lines 10 and 11

Page 1, line 12, strike "facilities,"

The motion prevailed. So the amendment was adopted.

Mr. Frederick moved to amend H. F. No. 2250, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 2051.)

Pages 11 to 16, strike articles IV and V

Page 16, line 25, strike "six-tenths" and insert "*forty-eight hundredths*"

Page 16, line 26, strike "two-tenths" and insert "*three-hundredths*"

Page 16, line 27, strike "five-tenths" and insert "*twenty-three hundredths*"

Page 16, line 28, strike "eight-tenths" and insert "*thirty-six hundredths*"

Page 16, line 29, strike "seven and three-tenths" and insert "*six and seventy-five hundredths*"

Page 16, line 30, strike "eight-tenths" and insert "*fourteen-hundredths*"

Page 16, line 31, strike "ten and two-tenths" and insert "*nine and forty-three hundredths*"

Page 16, line 32, strike "eleven and five-tenths" and insert "*ten and sixty-three hundredths*"

Page 17, line 1, strike "twelve and eight-tenths" and insert "*eleven and eighty-four hundredths*"

Page 17, line 4, strike "fourteen" and insert "*twelve and ninety-five hundredths*"

Page 17, line 5, restore the stricken language and strike the new language.

Page 17, line 6, strike "fifteen" and insert "*thirteen and eighty-seven hundredths*"

Page 17, line 7, restore the stricken language, and strike "sixteen" and insert "*fourteen and eight-tenths*"

Page 17, line 8, restore the stricken language

Page 17, line 9, restore the stricken language

Page 17, line 10, strike "sixteen" and insert "*fifteen and seventy-two hundredths*"

Page 17, line 11, strike "seventeen" and insert "*sixteen and sixty-five hundredths*"

Renumber the remaining articles in sequence

Mr Nichols moved to amend the Frederick amendment to H. F. 2250 as follows:

In the Frederick amendment to page 17, line 11, strike "*sixteen and sixty-five hundredths*" and insert "*twenty*"

The question was taken on the adoption of the amendment to the Frederick amendment.

The roll was called, and there were yeas 11 and nays 44, as follows:

Those who voted in the affirmative were:

Chenoweth	Keefe, S.	Nichols	Peterson	Sikorski
Gunderson	Merriam	Ogdahl	Schaaf	Spear
Hughes				

Those who voted in the negative were:

Anderson	Dunn	Kleinbaum	Moe	Stokowski
Ashbach	Engler	Knaak	Nelson	Strand
Bang	Frederick	Knoll	Olhoft	Stumpf
Benedict	Gearty	Knutson	Penny	Tennessen
Bernhagen	Hanson	Laufenburger	Pillsbury	Ueland, A.
Borden	Jensen	Lessard	Renneke	Ulland, J.
Brataas	Johnson	Luther	Schmitz	Vega
Davies	Keefe, J.	McCutcheon	Sieloff	Willett
Dieterich	Kirchner	Menning	Staples	

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

Mr. Sieloff moved that the Call of the Senate be lifted. The motion did not prevail.

The question recurred on the Frederick amendment.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 40, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Keefe, J.	Ogdahl	Sieloff
Bang	Engler	Kirchner	Pillsbury	Ueland, A.
Bernhagen	Frederick	Knaak	Renneke	Ulland, J.
Brataas	Jensen	Knutson		

Those who voted in the negative were:

Anderson	Gunderson	Luther	Olson	Staples
Benedict	Hanson	McCutcheon	Penny	Stokowski
Borden	Hughes	Menning	Peterson	Strand
Chenoweth	Johnson	Merriam	Schmitz	Stumpf
Chmielewski	Keefe, S.	Moe	Schrom	Tennessen
Davies	Knoll	Nelson	Setzenfandt	Vega
Dieterich	Laufenburger	Nichols	Sikorski	Wegener
Gearty	Lessard	Olhoff	Spear	Willet

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

Mr. Keefe, J. moved to amend H. F. No. 2250, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 2051.)

Page 37, after line 9, insert:

"ARTICLE X

Section 1. Minnesota Statutes 1976, Section 290A.07, Subdivision 2, is amended to read:

Subd. 2. A Any claimant who is a renter or who had attained the age of 65 or had been disabled prior to June 1 of the year following the year for which the taxes were levied or in which the rent was paid shall receive full payment no later than 60 days after receipt of the application or may elect to take as a credit against his income tax the full amount.

Sec. 2. Minnesota Statutes 1976, Section 290A.07, Subdivision 3, is amended to read:

Subd. 3. Any claimant not included in subdivision 2 shall receive full payment after September 30 and prior to October 15.

Sec. 3. Minnesota Statutes 1976, Section 290A.07, Subdivision 4, is amended to read:

Subd. 4 3. Claims remaining unpaid 60 days after the dates provided in subdivisions subdivision 2 and 3, shall have interest added at six percent per annum from the later date until the date the claim is paid.

Sec. 4. [EFFECTIVE DATE.] *This article shall be effective after December 31, 1979.*

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 35, as follows:

Those who voted in the affirmative were:

Ashbach	Dieterich	Jensen	Ogdahl	Sieloff
Bang	Dunn	Keefe, J.	Pillsbury	Ueland, A.
Bernhagen	Engler	Kirchner	Renneke	Ulland, J.
Brataas	Frederick	Knaak		

Those who voted in the negative were:

Benedict	Hughes	McCutcheon	Peterson	Stokowski
Chenoweth	Johnson	Menning	Schmitz	Strand
Chmielewski	Keefe, S.	Merriam	Schrom	Stumpf
Davies	Knoll	Nelson	Setzepfandt	Tennessen
Gearty	Laufenburger	Nichols	Sikorski	Vega
Gunderson	Lessard	Olson	Spear	Wegener
Hanson	Luther	Penny	Staples	Willet

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

Mr. Ulland, J. moved to amend H. F. No. 2250 as follows:

(The text of the amended House File is identical to S. F. No. 2051.)

Page 21, line 9, strike "(9)" and insert "(8)"

Page 21, line 17, strike "(13)" and insert "(12)"

Page 21, line 21, strike "(14)" and insert "(13)"

Page 21, line 31, strike "(15)" and insert "(14)"

Page 23, line 8, strike "and"

Page 23, after line 8, insert:

"(7) The amount of compensation for personal services in the armed forces of the United States or the United Nations which is excluded from gross income under the provisions of section 290.65;"

Renumber the paragraphs accordingly

Page 23, strike lines 23 through 26

Page 26, after line 3, insert:

"Sec. 2. Minnesota Statutes 1976, Section 290.65, is amended by adding a subdivision to read:

Subd. 1a. [GROSS INCOME, EXCLUSION.] The first \$3,000 received by any individual as compensation for personal services in the armed forces of the United States or the United Nations, shall be excluded from gross income in computing income taxes under the provisions of this chapter. The next \$2,000 received by an individual as compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside of the state of Minnesota, shall also be excluded from gross income in computing taxes under the provisions of this chapter."

Renumber the sections in sequence

Amend the title as follows:

Line 21, after "subdivisions;" insert "290.65, by adding a subdivision;"

The question was taken on the adoption of the amendment.

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

The roll was called, and there were yeas 29 and nays 30, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Knoll	Renneke	Strand
Bang	Frederick	Lessard	Schmitz	Ueland, A.
Bernhagen	Jensen	Nichols	Schrom	Ulland, J.
Brataas	Keefe, J.	Ogdahl	Setzepfandt	Wegener
Chmielewski	Kirchner	Penny	Sieloff	Willet
Dunn	Knaak	Pillsbury	Sikorski	

Those who voted in the negative were:

Anderson	Gunderson	Laufenburger	Nelson	Spear
Benedict	Hanson	Luther	Olhoft	Staples
Chenoweth	Hughes	McCutcheon	Olson	Stokowski
Davies	Johnson	Menning	Peterson	Stumpf
Dieterich	Keefe, S.	Merriam	Purfeerst	Tennessen
Gearty	Kleinbaum	Moe	Schaaf	Vega

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

Mr. Jensen moved to amend H. F. No. 2250, as amended by the Senate, March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 2051.)

Pages 16 and 17, strike article VI and insert:

"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) *Subject to subdivision 2d*, 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, 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 percent;
- (14) On the remainder, eighteen percent.

(b) In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision and subdivision 2d, 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 computed at the rates set forth in this subdivision and subdivision 2d, 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.

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

Subd. 2d. [INFLATION ADJUSTMENT.] For taxable years beginning after December 31, 1977, the rates imposed by subdivision 2c shall be adjusted for inflation. The commissioner of revenue shall annually determine the percentage increase in the consumer price index for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The commissioner shall determine the increase from September 1, 1977 to August 30 each succeeding year, and he shall announce the percentage figure by November 1, each year. The dollar amount in each range of the schedule shall be multiplied by that percentage. The product of each calculation shall be added to the dollar amount in each range to produce inflation adjusted taxable net income subject to the rates in subdivision 2c for each succeeding year."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 17 and nays 39, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Keefe, J.	Ogdahl	Sieloff
Bang	Engler	Kirchner	Pillsbury	Ueland, A.
Bernhagen	Frederick	Knaak	Renneke	Ulland, J.
Brataas	Jensen			

Those who voted in the negative were:

Anderson	Chmielewski	Gearty	Johnson	Laufenburger
Benedict	Davies	Gunderson	Keefe, S.	Lessard
Chenoweth	Dieterich	Hanson	Knoll	Luther

McCutcheon	Nichols	Purfeerst	Solon	Stumpf
Menning	Olhoft	Schaaf	Spear	Tennessee
Merriam	Olson	Schmitz	Staples	Vega
Moe	Penny	Setzepfandt	Stokowski	Willet
Nelson	Peterson	Sikorski	Strand	

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

Mr. Bernhagen moved to amend H. F. No. 2250, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 2051.)

Page 13, after line 4, insert:

"(j) In the case of an unmarried individual who is disabled at the close of the taxable year, an additional \$45.

(k) In the case of a married individual, an additional \$45 for each spouse who is disabled 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.

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

(m) For the purposes of such paragraphs (j), (k) and (l), an individual is disabled if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months.

An individual shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the state economy, regardless of whether the work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence, "work which exists in the state economy" means work which exists in significant numbers either in the area where the individual lives or in several areas of the state.

A "physical or mental impairment" is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques."

Page 15, after line 13, insert:

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

(k) In the case of a married individual, an additional \$50 for each spouse who is disabled 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.

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

(m) *For the purposes of such paragraphs (j), (k) and (l), an individual is disabled if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months.*

An individual shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the state economy, regardless of whether the work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence, "work which exists in the state economy" means work which exists in significant numbers either in the area where the individual lives or in several areas of the state.

A "physical or mental impairment" is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques."

Amend the title as follows:

Line 7, after "makers" insert "and disabled persons"

The motion prevailed. So the amendment was adopted.

RECONSIDERATION

Mr. Menning moved that the vote whereby the Ulland J. amendment failed to pass the Senate on March 11, 1978, be now reconsidered.

The question was taken on the adoption of the motion.

Mr. McCutcheon moved that those not voting be excused from voting.

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

The roll was called, and there were yeas 42 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	McCutcheon	Purfeerst	Strand
Benedict	Johnson	Merriam	Schaaf	Stumpf
Chenoweth	Keefe, S.	Moe	Schmitz	Tennessen
Chmielewski	Kleinbaum	Nelson	Schrom	Vega
Davies	Knoll	Nichols	Setzepfandt	Wegener
Dieterich	Laufenburger	Olhoff	Sikorski	Willet
Gearty	Lessard	Olson	Solon	
Gunderson	Lewis	Penny	Spear	
Hanson	Luther	Peterson	Stokowski	

Those who voted in the negative were:

Ashbach	Dunn	Keefe, J.	Menning	Sieloff
Bang	Engler	Kirchner	Ogdahl	Ueland, A.
Bernhagen	Frederick	Knaak	Pillsbury	Ulland, J.
Brataas	Jensen	Knutson	Renneke	

The motion prevailed.

The question recurred on the Menning motion.

The roll was called, and there were yeas 26 and nays 35, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Kirchner	Ogdahl	Sieloff
Bang	Frederick	Knaak	Pillsbury	Ueland, A.
Bernhagen	Gunderson	Knutson	Renneke	Ulland, J.
Brataas	Jensen	Lessard	Schmitz	Wegener
Chmielewski	Keefe, J.	Menning	Schrom	Willet
Dunn				

Those who voted in the negative were:

Anderson	Hughes	Luther	Olson	Solon
Benedict	Johnson	McCutcheon	Penny	Spear
Chenoweth	Keefe, S.	Merriam	Peterson	Stokowski
Davies	Kleinbaum	Moe	Purfeerst	Strand
Dieterich	Knoll	Nelson	Schaaf	Stumpf
Gearty	Laufenburger	Nichols	Setzepfandt	Tennessen
Hanson	Lewis	Olhoff	Sikorski	Vega

The motion did not prevail. So the vote was not reconsidered.

H. F. No. 2250: A bill for an act relating to taxation; increasing credits available to certain taxpayers; removing sales taxes on residential heating fuels; providing additional refunds for residential heating costs for certain taxpayers; reducing the income tax rate on corporations; eliminating the arithmetic average from the formula used for the apportionment of trade or business income among states; amending Minnesota Statutes 1976, Sections 290.06, Subdivisions 1 and 3d; 290.19, Subdivision 1; 290.361, Subdivision 2; 290A.07, Subdivision 1; 297A.25, Subdivision 1; Chapter 290, by adding a section; and Chapter 290A, by adding a section; and Minnesota Statutes, 1977 Supplement, Sections 290.06, Subdivision 3c; and 290A.06.

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 role was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Hanson	Kleinbaum	Luther
Ashbach	Dieterich	Hughes	Knaak	McCutcheon
Bang	Dunn	Jensen	Knoll	Menning
Benedict	Engler	Johnson	Knutson	Moe
Bernhagen	Frederick	Keefe, J.	Laufenburger	Nelson
Brataas	Gearty	Keefe, S.	Lessard	Nichols
Chenoweth	Gunderson	Kirchner	Lewis	Ogdahl

Olhoft	Purfeerst	Setzepfandt	Staples	Ueland, A.
Olson	Renneke	Sieloff	Stokowski	Ulland, J.
Penny	Schaaf	Sikorski	Strand	Vega
Perpich	Schmitz	Solon	Stumpf	Wegener
Peterson	Schrom	Spear	Tennessen	Willet
Pillsbury				

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Merriam moved that H. F. No. 1885 be taken from the table. The motion prevailed.

SUSPENSION OF RULES

Mr. Merriam moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 1885 and that the rules of the Senate be so far suspended as to give H. F. No. 1885 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 1885 was read the second time.

H. F. No. 1885: A bill for an act relating to education; providing for certain adjustments in aids to education, tax levies, and the distribution of tax revenues; granting certain powers and duties to school boards, school districts, school bus contractors, the commissioner of education, the state board of education, the state board for vocational education, and the board of teaching; allowing certain fees; establishing formulas for travel aid and aid for certain secondary vocational education programs; increasing incentives for teacher mobility; appropriating money; amending Minnesota Statutes 1976, Sections 6.62, Subdivision 1; 120.17, Subdivision 3; 120.64, Subdivision 4; 120.73, by adding a subdivision; 121.21, Subdivision 6; 121.216; 121.904, Subdivision 7, and by adding a subdivision; 122.23, by adding subdivisions; 123.34, Subdivisions 4 and 8; 123.37, Subdivisions 1b, 3 and 4; 123.39, by adding subdivisions; 124.15, Subdivisions 2 and 6; 124.17, by adding a subdivision; 124.212, Subdivision 20; 124.222, by adding a subdivision; 124.563, Subdivision 2; 124.565, by adding a subdivision; 125.12, Subdivisions 6a and 6b; 125.185, Subdivision 4, and by adding a subdivision; 126.12; 127.25, Subdivisions 1, 2, and by adding a subdivision; 128A.02, by adding a subdivision; 128A.03, Subdivision 2; 134.03; 275.125, Subdivisions 6, 15, 16 and 18, and by adding a subdivision; 275.48; 298.39; 298.396; 471.16, Subdivision 1; 471.61, Subdivision 1; Chapter 120, by adding a section; Chapter 124, by adding sections. Minnesota Statutes, 1977 Supplement, Sections 121.912, Subdivision 1; 122.85, Subdivision 1; 124.17, Subdivision 1; 124.212, Subdivisions 5a and 8a; 124.214; 124.222, Subdivision 6; 124.223; 124.32, Subdivisions 1b, 5 and 7; 124.562, Subdivision 1; 124.563, Subdivision 1; 124.572, Subdivision 3; 124.573, Subdivisions 2, 3, and by adding a subdivision; 125.60, Subdivision 2; 125.61, Subdivisions 1 and 2; 176.011, Subdivision 9; 275.07; 275.124; 275.125, Subdivisions 2a, 9 and 13; 298.28, Subdivision 1; Laws 1967

Chapter 33, by adding a section; Laws 1967, Chapter 822, Section 7, as amended; Laws 1969, Chapter 775, Section 4, Subdivision 1 and Subdivision 2, as amended; Laws 1969, Chapter 1060, Section 7, as amended; Laws 1971, Chapter 722, Section 1, as amended; Laws 1977, Chapter 447, Article I, Section 23, Subdivision 2 and Article III, Section 16, Subdivision 2; repealing Minnesota Statutes 1976, Sections 120.065; 120.07; 124.02; 124.16; Minnesota Statutes, 1977 Supplement, Sections 123.39, Subdivision 5a, and 124.213.

Mr. Merriam moved that H. F. No. 1885 be amended, as follows:

Strike everything after the enacting clause and insert

"Section 1. Minnesota Statutes 1976, Section 6.62, Subdivision 1, is amended to read:

6.62 [POST-AUDIT; TAX LEVY] Subdivision 1 [LEVY OF TAX.] Counties, cities , and towns , and school districts are authorized, if necessary, to levy, over and above tax levy limitations for other governmental purposes, an amount sufficient to pay the expense of a post-audit by the state auditor

A school district is authorized to levy an amount sufficient to pay for the expense of a post-audit by the state auditor if the audit is performed at the discretion of the state auditor pursuant to section 6.51 or if the audit has been requested through a petition by freeholders pursuant to section 6.54. A school district is not authorized to levy these amounts if the post-audit by the state auditor is requested by the school board pursuant to section 6.55.

Sec. 2. Minnesota Statutes 1976, Chapter 120, is amended by adding a section to read:

[120.075] *Any pupil who, pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, was enrolled on January 1, 1978, in a school district of which he was not a resident may continue in enrollment in that district. This provision shall also apply to any younger brother or sister of that enrolled pupil who is related to that pupil by blood, adoption or marriage. The enrollment of that pupil or of the other qualified members of his family shall remain subject to the provisions of those sections as they read on January 1, 1978. Any district which had a pupil enrolled on January 1, 1978, pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, shall report this fact to the commissioner prior to August 15, 1978.*

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

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study or training, methods of instruction and training, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation and any other rules and standards it deems necessary, for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the

implementation of and within the limitations of subdivisions 3a and 3b. *These rules shall also provide standards for the discipline of handicapped children relating to control, management and protection of these children.*

Sec. 4. Minnesota Statutes 1976, Section 120.64, Subdivision 4, is amended to read:

Subd. 4. Any school district operating a flexible school year program shall enter into one contract governing the entire school year with each teacher employed in a flexible program. If individual teachers contract to teach less than a period of 175 days during a school year, each 175 days of employment accrued during any five year period after the adoption of a flexible year program shall be deemed consecutive and shall constitute a full year's employment for purposes of establishing and retaining continuing contract rights to a full school year position pursuant to sections 125.12, subdivisions 3 and 4, and 125.17, subdivisions 2 and 3. A teacher who has not been discharged or advised of a refusal to renew his contract by April 1 *of the applicable date, as specified in section 125.12 or section 125.17, in the year in which he will complete the requisite number of days for securing a continuing contract shall have a continuing full school year contract with the district.*

Sec. 5. Minnesota Statutes 1976, Section 120.73, is amended by adding a subdivision to read:

Subd. 2a. Students may be required to furnish their own transportation to and from an instructional community-based employment station which is part of an approved occupational experience secondary vocational program. As an alternative, a school board may require the payment of reasonable fees for transportation to and from these instructional community-based employment stations. This subdivision shall only be applied to students who receive remuneration for their participation in these programs.

Sec. 6. Minnesota Statutes 1976, Section 121.21, Subdivision 6, is amended to read:

Subd. 6. The state board for vocational education shall promulgate, pursuant to chapter 15, such rules and regulations governing the operation and maintenance of schools so classified as will afford the people of the state an equal opportunity to acquire public vocational and technical education. *Rules relating to post-secondary vocational-technical education shall not incorporate the provisions of the state plan for vocational education by reference.*

The rules shall provide for, but are not limited to, the following:

(a) The area to be served by each school, which may include one or more districts or parts thereof;

(b) Curriculum and standards of instruction and scholarship;

(c) Attendance requirements, age limits of trainees, Minnesota non-resident attendance, and the determination of the actual costs of providing individual programs, and attendance for which no tuition shall be charged, all to be determined in accordance with the provisions of sections 124.561 to 124.565;

(d) The distribution and apportionment to the local districts of all funds, whether state or federal or other funds, which may be made available to the state board for vocational education for carrying out the purposes of post-secondary vocational-technical education in accordance with law and the approved state plan for vocational education ;

(e) Transportation requirements and payment of aid therefor; and

(f) Payment by the state board of tuition to school districts or post-secondary vocational-technical schools in another state; and

(g) (f) General administrative matters.

Sec. 7. Minnesota Statutes 1976, Section 121.216, is amended to read:

121.216 [VOCATIONAL-TECHNICAL INSTITUTES; STUDENT ASSOCIATIONS.] Every school board governing an area vocational technical institute shall give recognition as an authorized extracurricular activity to an area vocational-technical institute student association affiliated with the Minnesota vocational-technical student association. The student association is authorized to collect a reasonable voluntary fee from students to finance the activities of the association in an amount determined by each association after consultation with the governing board of the area vocational-technical institute which has recognized it. No student shall be obligated to pay the fee or be excluded from the association's activities because of failure to pay the fee.

Every governing body which recognizes a student association shall deposit the fees in a student association fund. The moneys in this fund shall be available for expenditure for student recreational, social, welfare, and educational pursuits supplemental to the regular curricular offerings.

Sec. 8. Minnesota Statutes 1976, Section 121.904, Subdivision 7, is amended to read:

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

Sec. 9. Minnesota Statutes 1976, Section 121.904, is amended by adding a subdivision to read:

Subd. 11a. Beginning with payments received in fiscal year 1978, revenues received pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax on severed mineral values or any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties, shall be recognized as revenue in the school year received.

Sec. 10. The year end fund balances for the 1977 school year shall be adjusted as though the provisions of section 9 of this act

had been effective at that time and the June 30, 1977 statutory operating debt of a district which received payment pursuant to the provisions specified in section 9 of this act shall be recertified by the commissioner as though the revenue recognition provisions of section 9 of this act had been effective at that time.

Sec. 11. Minnesota Statutes, 1977 Supplement, Section 121.912, Subdivision 1, is amended to read:

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

Sec. 12. Minnesota Statutes, 1977 Supplement, Section 122.85, Subdivision 1, is amended to read:

122.85 [EXPERIMENTAL PAIRING.] Subdivision 1. Notwithstanding the provisions of sections 122.41 and 122.43, the board of any school district paired with another in this section upon approval by the school boards of both of the paired districts may enter into an agreement providing for the discontinuance by one district of any of grades kindergarten through 12 or portions of those grades and the instruction in the other district of the pupils in the discontinued grades or portions of grades . This provision shall apply on an experimental basis to the following pairs of school districts: Independent School Districts No. 217 and No. 220, No. 243 and No. 245, No. 328 and No. 516, No. 440 and No. 444, No. 649 and No. 650, No. 654 and No. 655, No. 782 and No. 783, and No. 893 and No. 896. These experimental pairing agreements shall not extend beyond June 30, 1980.

Sec. 13. Minnesota Statutes 1976, Section 122.23, is amended by adding a subdivision to read:

Subd. 16a. As of the effective date of the consolidation, all referendum levies previously approved by voters of the component districts for those districts pursuant to section 275.125, subdivision 2a, clause (4), or its predecessor or successor, are cancelled. However, if all of the territory of one and only one independent district maintaining a secondary school is included in the newly created district, and if the assessed valuation of taxable property in that territory comprises 90 percent or more of the assessed valuation of all taxable property in the newly created district, the board of the newly created district may levy the increased amount previously approved by a referendum in the pre-existing independent district upon all taxable property in the newly created district. Any new referendum levy shall be certified only after approval is granted by the voters of the entire newly created

district in an election pursuant to section 275.125, subdivision 2a, clause (4), or its successor referendum provision.

Sec. 14. Minnesota Statutes 1976, Section 122.23, is amended by adding a subdivision to read:

Subd. 16b. (1) In the year of the effective date of the consolidation, the newly created district may levy an amount per pupil unit equal to the sum of the products of the amounts per pupil unit levied pursuant to section 275.125, subdivisions 6 or 7, in each component district in the previous year times the number of pupil units from that component district who are enrolled in the newly created district in the year of the levy, divided by the total number of pupil units in the newly created district in the year of the levy.

(2) In each year thereafter, the newly created district shall be allowed to levy the same amount per pupil unit as allowed by clause (1) of this subdivision.

Sec. 15. Minnesota Statutes 1976, Section 122.23, is amended by adding a subdivision to read:

Subd. 16c. As of the effective date of the consolidation and subject to the conditions of section 275.125, subdivision 9a, all the taxable property in the newly created district which was previously taxable for the payment of any statutory operating debt theretofore incurred by any component district of which it was a part prior to the consolidation shall remain taxable for the payment of that debt. The amount of statutory operating debt attributable to that taxable property shall be apportioned according to the proportion which the adjusted assessed valuation of that part of the pre-existing district bears to the total adjusted assessed valuation of the entire pre-existing district at the time of the consolidation. This apportionment shall be made by the county auditor and shall be incorporated as an annex to the order of the commissioner dividing the assets and liabilities of the component parts. As used in this subdivision, "statutory operating debt" shall have the meaning given it in section 121.914.

Sec. 16. Minnesota Statutes 1976, Section 123.34, Subdivision 4, is amended to read:

Subd. 4. On July 1 of each year, The treasurer shall file with the clerk a report of his balances, receipts and disbursements by funds, for the year. Such report, together with his vouchers, shall be examined by the board and, if found correct, approved by resolution entered in the records. If incomplete or inaccurate, a further or amended report may be required by the board. He shall make such further all reports as which may from time to time be called for by the board and perform all duties usually incumbent on such officer.

Sec. 17. Minnesota Statutes 1976, Section 123.34, Subdivision 8, is amended to read:

Subd. 8. The clerk shall keep books provided by the district for

that purpose a record of all meetings of the district and the board in books provided by the district for that purpose. He shall, within three days after an election notify all persons elected of their election and, . On or before August 1 of each year he shall file with the board a report of the revenues, expenditures and balances in each fund for the preceding fiscal year. The report together with vouchers and supporting documents shall be examined by a public accountant paid by the school district. The board shall by resolution approve the report or require a further or amended report. On or before July 10 in August 15 of each year, he shall make and transmit to the county superintendent a commissioner certified report reports , showing:

- (1) The condition and value of school property;
- (2) The receipts revenues and disbursements expenditures in detail, and such other financial matter information required by law, rule, or as may be called for by the commissioner;
- (3) The length of school term and the enrollment and attendance by grades;
- (4) The names and post office addresses of all directors and other officers; and
- (5) (4) Such other items of information as may be called for by the commissioner.

He shall enter in his record book copies of all his reports and of the teachers' term reports, as they appear in the registers, and of the proceedings of any meeting as furnished him by the clerk pro tem, and keep an itemized account of all the expenses of the district. He shall furnish to the auditor of the proper county, on or before October 10 of each year, an attested copy of his record, showing the amount of money voted by the district or the board for school purposes; draw and sign all orders upon the treasurer for the payment of money for bills allowed by the board for salaries of officers and for teachers' wages and all claims, to be countersigned by the chairman. Such orders shall state the consideration, payee, and the fund and the clerk shall take a receipt therefor. Teachers' wages shall have preference in the order in which they become due, and no money applicable for teachers' wages shall be used for any other purpose, nor shall teachers' wages be paid from any fund except that raised or apportioned for that purpose.

Sec. 18. Minnesota Statutes 1976, Section 123.37, Subdivision 1b, is amended to read:

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

thereof. If a contract is made by direct negotiation, negotiations shall be open to the public. If a contract is made upon sealed bids, the procedure for advertising and awarding bids shall conform to the provisions of subdivision 1 *except as otherwise provided in this subdivision.*

Notwithstanding the provisions of subdivision 1 or section 574.26, a performance bond shall be required of a contractor on a contract for the transportation of school children only when deemed necessary by and at the discretion of the school board.

Sec. 19. Minnesota Statutes 1976, Section 123.37, Subdivision 3, is amended to read:

Subd. 3. Any contract made by the board for the rental of rooms or buildings for school purposes ; ~~or for the free transportation of pupils to and from school,~~ or for the rental of any facility or facilities owned or operated by or under the direction of any private organization, shall be effective until disapproved by the commissioner, and all such contracts shall be submitted to him for approval immediately after being signed by the parties.

Sec. 20. Minnesota Statutes 1976, Section 123.37, Subdivision 4, is amended to read:

Subd. 4. The commissioner shall approve each such contract unless it appears from the information available to him that:

(a) The amount to be paid by the district concerned for the rooms or facilities rented ~~or for the transportation to be furnished~~ under such contract substantially exceeds the reasonable value thereof; or

(b) The rooms or facilities to be furnished are not reasonably required for or suitable to the operation of the schools of the district ; ~~or the transportation contracted for is not suitable to the requirements of the district;~~ or the contract does not provide adequately against any encroachment on or interference with the conduct of a public school; or

(c) The contract does not conform to law or a duly promulgated regulation of general application of the state board of education.

Sec. 21. Minnesota Statutes 1976, Section 123.39, is amended by adding a subdivision to read:

Subd. 8a. Notwithstanding the provisions of section 221.021, any public school district or school bus contractor providing transportation services to a school district on a regular basis in this state may operate school buses, excluding motor coach buses, for the purpose of providing transportation to nonpupils of the school district attending school events, as defined in sections 123.38, subdivision 2a or 2b, provided that no person having a charter carrier permit has his principal office and place of business or bus terminal or garage within 25 miles of the principal office of the school district. School district owned buses and the operators thereof shall otherwise comply with the provisions of sections 123.18 and 123.39 and the rules of the state board of education and shall be

insured in at least the amounts stated in section 466.04, subdivision 1. In all cases the total cost of providing such services, as determined by sound accounting procedures, shall be paid by charges made against those using the buses.

Sec. 22. Minnesota Statutes 1976, Section 123.39, is amended by adding a subdivision to read:

Subd. 8b. School districts may use school district owned or contractor operated school buses to provide transportation along regular school bus routes on a space available basis for senior citizens who are 62 years of age or older, provided that this use of a bus does not interfere with the transportation of pupils to and from school or other authorized transportation of pupils. In all cases, the total excess cost of providing these services, as determined by sound accounting procedures, shall be paid by charges made against those using these services or some third party payor. In no case shall the cost of this transportation be paid by the school district.

The provisions of section 658.47, subdivision 4, shall be applicable to senior citizens being transported pursuant to this subdivision.

Sec. 23. Minnesota Statutes 1976, Section 124.15, Subdivision 2, is amended to read:

Subd. 2. Whenever the board of the district authorizes or permits within the district violations of law by:

(1) employment in a public school of the district of a teacher who does not hold a valid teaching certificate or permit, or

(2) noncompliance with a mandatory rule or regulation of general application promulgated by the state board in accordance with statute in the absence of special circumstances making enforcement thereof inequitable, contrary to the best interest of, or imposing an extraordinary hardship on, the district affected, or

(3) continued performance by the district of a contract made for the rental of rooms or buildings for school purposes, or for the free transportation of children to and from school or for the rental of any facility owned or operated by or under the direction of any private organization, which contract has been disapproved where time for review of the determination of disapproval has expired and no proceeding for review is pending, or

(4) any practice which is a violation of sections 1 and 2 of article 13 of the Constitution of the state of Minnesota, or

(5) failure to provide reasonably for the school attendance to which a resident pupil is entitled under Minnesota Statutes, or

(6) noncompliance with state laws prohibiting discrimination because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance or disability, as defined in Minnesota Statutes 1974, Section 363.03, the special state aid to which a district is otherwise entitled for any

school year shall be reduced in the amount and upon the procedure provided in this section or in the case of the violation stated in clause (1), upon the procedure provided in section 124.19, subdivision 3.

Sec. 24. Minnesota Statutes 1976, Section 124.15, Subdivision 6, is amended to read:

Subd. 6. Reductions in special aid under this section shall be from foundation program aid. If there is not sufficient foundation program aid remaining to be paid for the school year in which the violation occurred, the reduction shall be from the other special aids payable to the district for that year in the order in which special state aids are listed in this code. If the violation is for performance of a contract for transportation, which has been disapproved, the primary reduction shall be from transportation aid. If reduction is for several violations one of which is continued performance of such a contract, the transportation aid will be the primary fund for reduction in the proportion that the violation for performance of such a contract bears to the total number of violations involved. If there is not a sufficient amount of special state aids remaining payable to the district for the school year in which the violation occurred to permit the full amount of reduction required, that part of the required reduction not taken from that school year's aids will be taken from the special state aids payable to the district for the next school year, and the reduction will be made from the various aids payable for the next year in the order above specified.

Sec. 25. Minnesota Statutes, 1977 Supplement, Section 124.17, Subdivision 1, is amended to read:

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

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

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

(4) To meet the problems of educational overburden caused by broken homes, poverty and low income, each pupil in clauses (1) and (2) from families receiving aid to families with dependent children or its successor program who is enrolled in the school district on October 1 shall be counted as an additional five-tenths pupil unit. By March 1 of each year the department of public welfare shall certify to the department of education, and to each school district to the extent the information pertains to it, that information concerning children from families with

dependent children who were enrolled in the school district on the preceding October 1 which is necessary to calculate pupil units. Additional aids to a district for such pupils may be distributed on a delayed basis until the department of education publicly certifies that the information needed for paying such aids is available on such a timely basis that such aids may be paid concurrently with other foundation aids.

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

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

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

to the other units for the district and provided further that the number of pupil units of increase over the prior year shall under no circumstances be multiplied by more than five-tenths.

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

Sec. 26. Minnesota Statutes 1976, Section 124.17, is amended by adding a subdivision to read:

Subd. 2c. Notwithstanding the provisions of subdivision 2, in any case where pupils are prevented from attending school for more than 15 consecutive days because of epidemic, calamity, weather, fuel shortage, or other justifiable cause, the state board, upon application, may allow the district to continue to count these pupils in average daily membership.

Sec. 27. Minnesota Statutes, 1977 Supplement, Section 124.212, Subdivision 5a, is amended to read:

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

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

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

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

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

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

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

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

Sec. 28. Minnesota Statutes, 1977 Supplement, Section 124.212, Subdivision 8a, is amended to read:

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

(2) For districts which received payments under sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405, 298.51 to 298.67; any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; the foundation aid shall be reduced in the October adjustment payment by the previous fiscal year's payment to the district pursuant to said sections times the ratio of the maximum levy allowed the district under section 275.125, subdivision 2a, to the total levy allowed by section 275.125 for collection in the calendar year ending during the aforementioned fiscal year, but not to exceed 50 percent of the previous fiscal year's payment *difference between the dollar amount of the payments received pursuant to those sections in the fiscal year to which the October adjustment is attributable and the amount which was calculated, pursuant to section 275.125, subdivision 9, as a reduction of the levy attributable to the fiscal year to which the October adjustment is attributable.* If the October adjustment of a district's foundation aid for a fiscal year is a negative amount because of this clause, the next fiscal year's foundation aid to that district shall be reduced by this negative amount in the following manner: *there shall be withheld from each monthly scheduled foundation aid payment due the district in such fiscal year, 15 percent of the total negative amount, until the total negative amount has been withheld.* The amount reduced from foundation aid pursuant to this clause shall be recognized as revenue in the fiscal year to which the October adjustment payment is attributable.

Sec. 29. Minnesota Statutes 1976, Section 124.212, Subdivision 20, is amended to read:

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

notification from the providing district pursuant to this subdivision, it shall not be liable to that district for any tuition billing received after October 1 of the next school year. *If a commissioner of a state agency, or his representative or agent, or a court of the state of Minnesota desires to place a child in a school district which is not his district of residence, that commissioner or court shall, prior to placement, notify the district of attendance, the district of residence, and the commissioner of education of its intention.*

Sec. 30. Minnesota Statutes, 1977 Supplement, Section 124.214, is amended to read:

124.214 [AID ADJUSTMENTS.] *Subdivision 1. [OMISSIONS.] No adjustments to any aid payments made pursuant to this chapter, resulting from omissions in school district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 15 of the next school year, unless otherwise specifically provided by law.*

Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the assessed valuation of any school district for any taxable year is reduced after the taxes for that year have been spread by the county auditor and whenever the mill rate as determined by the county auditor based upon the original assessed valuation is applied upon such reduced valuations and produces an amount at least \$1,000 less than the full amount of taxes as actually levied and certified for such taxable year upon the original assessed valuation, that school district may, prior to May 1 of 1978 or February 1 of any year thereafter, certify to the department of revenue the amount of the assessed valuation that was reduced and the amount of the resulting loss of revenue to the school district. Prior to June 1 of 1978 or April 1 of any year thereafter, the equalization aid review committee shall recalculate the adjusted assessed valuation of the taxable property in that district and certify this new valuation to the commissioner of education. The commissioner shall recompute the foundation aid, transportation aid, capital expenditure equalization aid, and post-secondary vocational foundation aid of that district on the basis of the recalculated adjusted assessed valuation. Payment adjustments to the district shall be made as soon as possible, but not later than October 31 of the following fiscal year.

Sec. 31. Minnesota Statutes 1976, Section 124.222, is amended by adding a subdivision to read:

Subd. 2b. For the 1978-1979 school year and thereafter, the state shall pay 50 percent of the cost of the transportation authorized pursuant to section 124.223, clause (9), but not to exceed a cost of \$100 per pupil. Transportation which receives aid pursuant to this subdivision shall not also receive aid pursuant to subdivisions 1a, 1b or 2a.

Sec. 32. Minnesota Statutes, 1977 Supplement, Section 124.222, Subdivision 6, is amended to read:

Subd. 6. [BASE COST ADJUSTMENTS.] For the purposes

of payment of transportation aids in the 1978 fiscal year and thereafter, the commissioner of education may adjust the base cost per eligible pupil transported during the 1976 fiscal year to reflect changes in costs resulting from the following:

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

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

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

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

(e) Increased costs resulting from changes in transportation patterns required by a schoolhouse closing provided that (1) the cost increases can be demonstrated to be a direct result of the closing; (2) the increases result in costs above the formula limitation; and (3) application is made prior to December 15 of the school year following the last school year in which the schoolhouse is open ;

(f) Increased costs resulting from changes in transportation patterns caused by a schoolhouse opening provided that (1) the cost increases can be demonstrated to be a direct result of the opening; (2) the increases result in costs above the formula limitation; and (3) application is made prior to December 15, 1978 or December 15 of the school year following the first school year in which the schoolhouse is open, whichever is later

In the 1978 fiscal year and thereafter, the commissioner shall appropriately adjust the base cost per eligible pupil transported during the 1976 fiscal year to reflect changes in the treatment of depreciation and qualification for depreciation aid resulting from changes in school bus fleet ownership from district owned and managed to privately owned and contracted or from privately owned and contracted to district owned and managed. Districts shall report any such changes to the commissioner within 60 days of the date the changes are made.

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

Sec. 33. Minnesota Statutes, 1977 Supplement, Section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.] For the 1977-1978 school year and thereafter, school transportation

and related services for which state transportation aid is authorized are:

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

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

(3) Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

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

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

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

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

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

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

Sec. 34. Minnesota Statutes 1976, Chapter 124, is amended by adding a section to read:

[124.311] [TRAVEL AID.] *Subdivision 1. In the 1978-1979 school year and thereafter, the state shall pay to any school district, combination or association of school districts, educational cooperative service unit or cooperative center 50 percent of the*

costs of necessary travel within the state incurred for accompanying students on an educational project by any teacher, instructor, counselor, advisor, specialist, consultant, nurse, librarian, assistant principal, principal, assistant superintendent, assistant deputy superintendent, deputy superintendent, superintendent, assistant supervisor, supervisor, assistant director, director, executive director, assistant coach, coach, administrator, or any other professional personnel required to hold a license. The governing board of each unit shall determine if the travel is incurred for a valid education purpose.

Subd. 2. The state shall pay each unit specified in subdivision 1 30 percent of its estimated travel aid on or before the following dates: August 31, December 31, and March 31. The final aid distribution shall be made on or before October 31 of the following school year. All travel aids shall be computed and distributed by the state aids section of the state department of education.

Subd. 3. A district which receives travel aid pursuant to this section shall not receive aid for that same travel pursuant to section 124.573 or 124.574

Sec. 35. Minnesota Statutes, 1977 Supplement, Section 124.32, Subdivision 1b, is amended to read:

Subd. 1b. (1) For special instruction or training and services provided for any pupil pursuant to section 120.17, subdivision 2, clause (h), by contract with public, private or voluntary agencies other than Minnesota school districts, the state shall pay each district 60 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full time basis.

(2) For special instruction or training and services provided for a pupil by such a contract as part of a summer school program, the state shall pay each district 60 percent of the difference between the amount of the contract and the foundation aid received by the district for that pupil pursuant to section 124.20, or a pro rata portion of that foundation aid for a pupil who receives services by such a contract on less than a full time summer school basis. This clause shall be effective for the 1977 summer school and thereafter.

Sec. 36. Minnesota Statutes, 1977 Supplement, Section 124.32, Subdivision 5, is amended to read:

Subd. 5. When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay to the resident district not to exceed 60 percent of the difference between the instructional costs charged to the resident district, less and the foundation aid formula allowance in the resident district, for each handicapped child placed in a residential facility. Not more than \$500,000 \$550,000 for 1977-1978 and \$600,000 for 1978-1979

shall be paid for the purposes of this subdivision. If that amount does not suffice, the aid shall be prorated among all qualifying districts.

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

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

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

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

Sec. 37. Minnesota Statutes, 1977 Supplement, Section 124.32, Subdivision 7, is amended to read:

Subd. 7. Before May 1 of each year, each district providing special instruction and services to handicapped children shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of handicapped children in the district who will receive special instruction and services during the next school year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, *the necessity of state aids for the conduct of the program,* and the program's compliance with the rules and standards of the state board. The commissioner shall review each application in order to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to handicapped children pursuant to section 120.17. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel he determines to be unnecessary or unessential on the basis of this review. *The commissioner may also disapprove all or any portion of the aid for programs funded by any sources of public funds other than state foundation aid and school district levy receipts.* On or before July 1 of each year, the commissioner shall approve, disapprove or modify each application, and notify each applying district of his action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the school year, for programs needed to meet any substantial changes in the needs of handicapped children in the district.

Sec. 38. Minnesota Statutes, 1977 Supplement, Section 124.562, Subdivision 1, is amended to read:

124.562 [POST-SECONDARY VOCATIONAL FOUNDATION AID.] Subdivision 1. A district shall receive post-secondary vocational foundation aid in the amount of \$2,120 for fiscal year 1978 and \$2,240 for fiscal year 1979, times the number of post-secondary vocational-technical pupils in average daily membership, as defined in subdivision 2, less the sum of (1) any amounts received as tuition and fees for post-secondary vocational-technical pupils, *including application fees but not including student activity fees allowed pursuant to section 121.216*, (2) the amount raised by the ~~minimum~~ discretionary levy ~~required~~ *allowed* by section 275.125, subdivision 13, for collection in the calendar year ending in that fiscal year, and (3) any amounts received for post-secondary vocational programs as federal vocational categorical aid and as special grants from state allocations of federal vocational funds, unless these grants are used to fund additional services beyond the normal program.

Sec. 39. Minnesota Statutes, 1977 Supplement, Section 124.563, Subdivision 1, is amended to read:

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

Sec. 40. Minnesota Statutes 1976, Section 124.563, Subdivision 2, is amended to read:

Subd. 2. "Post-secondary vocational capital expenditure aid" means state and federal funds exclusive of post-secondary vocational foundation, categorical and debt service aid, apportioned by the state board for vocational education to local school districts for the purpose of improving or repairing school sites or equipping, re-equipping, repairing or improving buildings and permanent attached fixtures, as necessary for the conduct of post-secondary vocational-technical training. ~~No district shall qualify for post-secondary vocational capital expenditure aid unless it has certified the minimum levy required by section 275.125, subdivision 13.~~

Post-secondary vocational capital expenditure aid shall be utilized solely for the purposes enumerated in this subdivision.

Sec. 41. Minnesota Statutes 1976, Section 124.565, is amended by adding a subdivision to read:

Subd. 6. Notwithstanding the provisions of subdivisions 3 and 5 of this section, there shall be no charge for tuition at a post-secondary vocational-technical school for any person who (1) entered active military service in any branch of the armed forces of the United States before July 1, 1977, (2) was a Minnesota resident at the time of induction into the armed forces and had been a Minnesota resident during the six months immediately preceding induction, (3) is separated or discharged from active military service under conditions other than dishonorable prior to July 1, 1981, and (4) applies for admission to the school before his 29th birthday. Time after separation or discharge from military service spent as an inpatient in a hospital or similar institution for treatment of an illness or disability or in recovery from an illness or disability that prevents gainful occupation or study shall be added to the time allowed for application.

Sec. 42. Minnesota Statutes, 1977 Supplement, Section 124.572, Subdivision 3, is amended to read:

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

Sec. 43. Minnesota Statutes, 1977 Supplement, Section 124.573, Subdivision 2, is amended to read:

Subd. 2. In the 1978-1979 school year and thereafter, the state shall pay to any district or cooperative center 50 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's secondary vocational education programs. In addition, the state shall pay 50 percent of the costs of necessary equipment for these programs and 50 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers. Aid shall be allowed for travel to and from local, regional, district or state vocational student organization meetings by secondary vocational education teachers accompanying student members of that organization on an educational project. The aid paid by the state for salaries, equipment and travel pursuant to this subdivision shall be reduced by any authorized federal vocational aid funds paid by the department to that district or center for secondary vocational education programs.

Sec. 44. Minnesota Statutes, 1977 Supplement, Section 124.573, Subdivision 3, is amended to read:

Subd. 3. This aid shall be paid only for services rendered or for the costs designated in subdivision 2 which are incurred in secondary vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board. These rules shall provide minimum student-staff ratios required for a secondary vocational education program in a cooperative center to qualify for this aid, but shall not require any minimum number of program offerings or administrative staff, *any minimum period of coordination time or extended employment for secondary vocational education personnel,* or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. *No rules promulgated by the state board pursuant to any statute shall require a district to offer secondary vocational education. Except as provided in section 125.185, subdivision 4,* Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for travel costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the state plan for vocational education.

Sec. 45. Minnesota Statutes, 1977 Supplement, Section 124.573, is amended by adding a subdivision to read:

Subd. 3a. *In addition to the provisions of subdivisions 2 and 3 of this section, a school district or cooperative center may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education services. In the 1978-1979 school year and thereafter, the state shall pay each district or cooperative center 40 percent of the amount of a contract entered into pursuant to this subdivision. The state board shall promulgate rules relating to program approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 4, the district or cooperative center contracting for these services shall be construed to be providing the services. For the purposes of subdivision 5, aid for these contracts shall be distributed on the same basis as aids for salaries and travel.*

Sec. 46. Minnesota Statutes 1976, Chapter 124, is amended by adding a section to read:

[124.574] [SECONDARY VOCATIONAL EDUCATION FOR HANDICAPPED CHILDREN.] *Subdivision 1. The purpose of this section is to provide a method to fund programs for secondary vocational education for handicapped children which would otherwise qualify for aid under the provisions of sections 124.32*

or 124.573. As used in this section, the term "handicapped children" shall have the meaning ascribed to it in section 120.03.

Subd. 2. In the 1978-1979 school year and thereafter, the state shall pay to any district or cooperative center the greater of:

(a) 50 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district's or center's secondary vocational education programs for handicapped children; or

(b) 65 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district's or center's secondary vocational education programs for handicapped children, but not to exceed \$12,000 for the normal school year for each such full time person employed; or a pro rata amount for a part time person or a person employed for a limited time; plus an additional five percent of the salaries paid such essential licensed personnel.

Subd. 3. In addition to the provisions of subdivision 2, the state shall pay:

(a) 50 percent of the costs of necessary equipment for these secondary vocational education programs for handicapped children;

(b) 50 percent of the costs of necessary travel between instructional sites by secondary vocational educational teachers of handicapped children, including travel by those teachers to and from local, regional, district or state vocational student organization meetings when accompanying student members of that organization on an educational project; and

(c) 50 percent of the costs of necessary supplies for these secondary vocational education programs for handicapped children, but not to exceed an average of \$50 in any one school year for each handicapped child receiving these services.

Subd. 4. In addition to the provisions of subdivisions 2 and 3 of this section, a school district may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education programs for handicapped children. The formula for payment of aids for these contracts in the 1978-1979 school year and thereafter shall be that provided in section 124.32, subdivision 1b. The state board shall promulgate rules relating to approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 6 of this section, the district or cooperative center contracting for these services shall be construed to be providing these services. For the purposes of subdivision 8 of this section, aid for these contracts shall be distributed on the same basis as aids for salaries, supplies and travel.

Subd. 5. The aid provided pursuant to this section shall be paid only for services rendered as designated in subdivision 2 or for

the costs designated in subdivision 3 which are incurred in secondary vocational education programs for handicapped children which are approved by the commissioner of education and operated in accordance with rules promulgated by the state board. These rules shall be subject to the restrictions provided in section 124.573, subdivision 3. The procedure for application for approval of these programs shall be as provided in section 124.32, subdivisions 7 and 10 and the application review process shall be conducted jointly by the division of special and compensatory education and the division of vocational-technical education of the state department.

Subd. 6. All aid pursuant to this section shall be paid to the district or cooperative center providing the services. All aid received by a district or center from any source for secondary vocational education for handicapped children shall be utilized solely for that purpose.

Subd. 7. A district shall not receive aid pursuant to section 124.32 or section 124.573 for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

Subd. 8. All aid pursuant to this section shall be distributed at the same times and in the same manner as provided in section 124.573, subdivision 5. Aid for supplies shall be distributed at the same time as aid for salaries and travel.

Sec. 47. Minnesota Statutes 1976, Section 125.12, Subdivision 6a, is amended to read:

Subd. 6a. [NEGOTIATED UNREQUESTED LEAVE OF ABSENCE.] The school board and the exclusive bargaining representative of the teachers may negotiate a plan providing for unrequested leave of absence without pay or fringe benefits for as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. Failing to successfully negotiate such a plan by the beginning date of a new master contract, the provisions of subdivision 6b shall apply. The provisions of section 179.72 shall not apply for the purposes of this subdivision.

Sec. 48. Minnesota Statutes 1976, Section 125.12, Subdivision 6b, is amended to read:

Subd. 6b. [UNREQUESTED LEAVE OF ABSENCE.] The school board may place on unrequested leave of absence, without pay or fringe benefits, as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. The unrequested leave shall be effective at the close of the school year. In placing teachers on unrequested leave, the board shall be governed by the following provisions:

(a) The board may place probationary teachers on unrequested leave first in the inverse order of their employment. No teacher who has acquired continuing contract rights shall be placed on unrequested leave of absence while probationary teachers are retained

in positions for which the teacher who has acquired continuing contract rights is certified;

(b) Teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are certified in the inverse order in which they were employed by the school district. In the case of merger of classes caused by consolidation of districts or in the case of equal seniority, the order in which teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are certified shall be negotiable;

(c) Notwithstanding clauses (a) and (b), if either the placing of a probationary teacher on unrequested leave before a teacher who has acquired continuing rights or the placing of a teacher who has acquired continuing contract rights on unrequested leave before another teacher who has acquired continuing contract rights but who has greater seniority would place the district in violation of its affirmative action program, the district may retain the probationary teacher or the teacher with less seniority;

(d) Teachers placed on unrequested leave of absence shall be reinstated to the positions from which they have been given leaves of absence or, if not available, to other available positions in the school district in fields in which they are certified. Reinstatement shall be in the inverse order of placement on leave of absence. The order of reinstatement of teachers who have equal seniority and who are placed on unrequested leave in the same school year shall be negotiable;

(e) Teachers, other than probationary teachers, terminated under Minnesota Statutes 1971, Section 125.12, Subdivision 6, Clause (e), in the 1973-74 school year shall be reinstated to the positions from which they have been terminated or, if not available, to other available positions in the school district in fields in which they are certified. Reinstatement shall be in the order of seniority. The order of reinstatement of continuing contract teachers who have equal seniority and who are terminated under Minnesota Statutes 1971, Section 125.12, Subdivision 6, Clause (e) in the 1973-74 school year shall be negotiable. These teachers shall also be subject to clauses (f), (g), (h), (i) and (k) of this subdivision.

(f) No appointment of a new teacher shall be made while there is available, on unrequested leave, a teacher who is properly certified to fill such vacancy, unless the teacher fails to advise the school board within 30 days of the date of notification that a position is available to him, that he may return to employment and that he will assume the duties of the position to which appointed on a future date determined by the board;

(g) A teacher placed on unrequested leave of absence may engage in teaching or any other occupation during the period of this leave;

(h) The unrequested leave of absence shall not impair the

continuing contract rights of a teacher or result in a loss of credit for previous years of service;

(i) The unrequested leave of absence of a teacher *who is placed on unrequested leave of absence prior to January 1, 1978 and who is not reinstated shall continue for a period of two years after which the right to reinstatement shall terminate; the unrequested leave of absence of a teacher who is placed on unrequested leave of absence on or after January 1, 1978 and who is not reinstated shall continue for a period of five years, provided the teacher files with the board by April 1 each year a written statement requesting reinstatement, after which the right to reinstatement shall terminate;*

(j) The same provisions applicable to terminations of probationary or continuing contracts in subdivisions 3 and 4 shall apply to placement on unrequested leave of absence;

(k) Nothing in this subdivision shall be construed to impair the rights of teachers placed on unrequested leave of absence to receive unemployment compensation if otherwise eligible.

Sec. 49. Minnesota Statutes 1976, Section 125.185, Subdivision 4, is amended to read:

Subd. 4. The board shall develop and create rules for the licensure of public school teachers and interns, which shall be submitted to the state board of education for approval, and from time to time the board of teaching shall revise or supplement the rules for licensure of public school teachers subject to approval by the state board of education. It shall be the duty of the board of teaching to establish rules for the approval of teacher education programs subject to approval by the board of education. Subject to rules approved by the board of education, the board of teaching shall also grant licenses to interns and to candidates for original licenses and receive recommendations from local committees as established by the board of teaching for the renewal of teaching licenses, to grant life licenses to those who qualify according to requirements established by the board of teaching, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. With regard to vocational education teachers the board of teaching shall adopt and maintain as its rules the *rules of the state plan board* for vocational education.

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

Sec. 50. Minnesota Statutes 1976, Section 125.185, is amended by adding a subdivision to read:

Subd. 4a. Prior to the adoption by the board of teaching of any rule which must be submitted to public hearing and to the state board of education for approval, a representative of the commis-

sioner shall appear before the board of teaching and at the hearing required pursuant to section 15.0412, subdivision 4, to comment on the cost and educational implications of that proposed rule. If the representative of the commissioner does not carry out the duties required by this subdivision, the state board of education shall approve that rule of the board of teaching as submitted.

Sec. 51. Minnesota Statutes, 1977 Supplement, Section 125.60, Subdivision 2, is amended to read:

Subd. 2. Upon the request of a teacher who meets the qualifications of this section which is made prior to July 1 for the next school year, the board of any district may shall grant an extended leave of absence without salary to any full time elementary or secondary school teacher who has been employed by the district for at least ten but no more than 20 years of allowable service, as defined in section 354.05, subdivision 13, or the by-laws of the appropriate retirement association; and who has not attained the age of 55 years or over. However, a school district may deny a request for an extended leave of absence if the board determines that the leave would not produce a cost savings to the district or would produce a hardship for the district due to its inability to find an adequate replacement. If a teacher's request is denied, this denial shall be subject to the grievance procedure established pursuant to section 179.70 or pursuant to the grievance procedure specified in the collective bargaining agreement in force in that district. Extended leaves of absence pursuant to this section shall not exceed five years in duration. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher and may be granted only once.

Sec. 52. Minnesota Statutes, 1977 Supplement, Section 125.61, Subdivision 1, is amended to read:

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

Sec. 53. Minnesota Statutes, 1977 Supplement, Section 125.61, Subdivision 2, is amended to read:

Subd. 2. A teacher meeting the requirements of subdivision 1 may be offered a contract for termination of services and payment of an early retirement incentive by the employing school district. An offer may be accepted by the teacher by submitting a written resignation to the school board of the employing district. Applications shall be submitted prior to July 1, 1977 March 1, 1978 in the case of a teacher retiring at the end of the 1977-76 1976-1977 school year, prior to May 1, 1978 in the case of a teacher retiring at the end of the 1978-79 1977-1978 school year, or, thereafter,

prior to May 1 of the year immediately preceding the school year at the end of which the teacher wishes to retire.

Sec. 54. Minnesota Statutes 1976, Section 126.12, is amended to read:

126.12 [LENGTH OF SCHOOL YEAR.] The school shall be in session for not less than a minimum term, as defined by the state board in section 124.19, but this provision shall not apply to night schools or kindergartens. Every Saturday shall be a school holiday, except that school may be held on Saturday if necessary to meet the requirement in section 124.19 of making a good faith attempt to make up time lost on account of circumstances which were beyond the control of the school board. The school board shall determine the number of school days of each school year on or before April 1 of the calendar year in which such school year commences.

Sec. 55. Minnesota Statutes 1976, Section 127.25, Subdivision 1, is amended to read:

127.25 [APPEALS.] Subdivision 1. Any district or any person aggrieved by final order of the county board or final order of the commissioner, or final order of the county auditor, made pursuant to the provisions of this code, may appeal from such final order to the district court upon the following grounds:

(1) That the county board, the commissioner, or the county auditor had no jurisdiction to act;

(2) That the county board, the commissioner, or the county auditor exceeded its jurisdiction;

(3) That the action appealed from is arbitrary, fraudulent, capricious or oppressive or in unreasonable disregard of the best interest of the territory affected;

(4) That the order of action appealed from is based upon an erroneous theory of law.

An appeal from a final order of a county board or the county auditor shall be taken by serving a notice of appeal upon the county auditor. An appeal from a final order of the commissioner shall be taken by serving a notice of appeal upon the commissioner. An appeal from a final order of a county board or a county auditor shall be taken to the district court in the county of the board or auditor. An appeal from a final order of the commissioner shall be taken to the district court for Ramsey county. Notice of appeal must be served within 30 days of the issuance of the order appealed from and shall be accompanied by a corporate surety bond in the amount of \$250, conditioned for the payment of all costs taxed against appellant on such appeal. The notice of appeal shall be filed with the clerk of the district court and noticed for hearing in the manner provided for the trial of civil actions by Minnesota rules of civil procedure.

Any order of the commissioner or the state board rejecting a consolidation plat shall be deemed a final order for the purposes of

~~this section.~~ In an appeal from an order of a county auditor effecting a consolidation the action of the commissioner or the state board approving the plat is reviewable and the commissioner may be called by either party as a witness in such appeal proceedings and may be examined under the rules of civil procedure relating to the cross-examination of adverse parties.

Sec. 56. Minnesota Statutes 1976, Section 127.25, Subdivision 2, is amended to read:

Subd. 2. Any school district or any person affected by final order of the county board ~~or final order of the commissioner or final order of the county auditor~~ shall be permitted to intervene in appeals under this section as a party respondent.

Sec. 57. Minnesota Statutes 1976, Section 127.25, is amended by adding a subdivision to read:

Subd. 4. Unless otherwise provided by law, any school district or any person aggrieved by a final order of the commissioner made pursuant to provisions of this code may proceed under the provisions of sections 15.0418 to 15.0426.

Sec. 58. Minnesota Statutes 1976, Section 128A.02, is amended by adding a subdivision to read:

Subd. 5. The state board of education may by agreement with teacher preparing institutions or accredited institutions of higher education arrange for practical experience in the Minnesota school for the deaf and the Minnesota braille and sight-saving school for practice or student teachers, or for other students engaged in fields of study which prepare professionals to provide special services to handicapped children in school programs, who have completed not less than two years of an approved program in their respective fields. These student trainees shall be provided with appropriate supervision by a teacher licensed by the board of teaching or by a professional licensed or registered in the appropriate field of special services and shall be deemed employees of the school for the deaf or the braille and sight-saving school, as applicable, for purposes of worker's compensation.

Sec. 59. Minnesota Statutes 1976, Section 128A.03, Subdivision 2, is amended to read:

Subd. 2. Each advisory council shall consist of ~~seven~~ eight members. The members shall be representative of the various geographic regions of the state, shall include parents or guardians of visually disabled or hearing impaired children, *shall include a staff representative of the applicable school*, and shall include two representatives from groups representing the interests of visually disabled or hearing impaired individuals, as applicable. All members shall have knowledge, experience and interest in the problems of visually disabled or hearing impaired children.

Sec. 60. Minnesota Statutes 1976, Section 134.03, is amended to read:

134.03 [TAX LEVY.] In cities of less than 2,000 inhabitants not

levying a tax for public library purposes, the school board may maintain a public library for the use of all residents of the district and provide ample and suitable rooms for its use in the school buildings and in any independent school district embracing any such city, where a library building has been erected with funds donated for library purposes; the school district may levy an annual tax of not more than one mill, the proceeds of which tax shall be used for the support and maintenance of this library and known as the "library fund," or the district.

Upon a library being so established in any such school district, whose library building has been erected with funds acquired by gift or donation, the school board is empowered to appoint a library board of nine members, of which each member of the school board shall be a member ex officio.

The remaining members of such library board shall be appointed by the school board, one of which remaining members shall hold office for one year, one for two years, and one for three years *if the school board has only six members*, from the first Saturday of September following their appointment, the term of office of each being specified in such appointment; annually thereafter, such school board shall appoint a member of the library board for the term of three years and until his successor shall qualify. Such school board may remove any member so appointed for misconduct or neglect. Vacancies in such board shall be filled by appointment for the unexpired term. Members of such board shall receive no compensation for their services as such.

Immediately after appointment, such board shall organize by electing one of its members as president and one as secretary and from time to time it may appoint such other officers and employees as it deems necessary. The secretary, before entering upon his duties, shall give bond to the school district in an amount fixed by the library board, conditioned for the faithful discharge of his official duties. The library board shall adopt such bylaws and regulations for the government of the library and reading-room and for the conduct of its business as may be expedient and conformable to law. It shall have exclusive control of the expenditures of all money collected for, or placed to the credit of, the library funds, and of the rooms and buildings provided for library purposes. All moneys received for such library fund shall be kept in the treasury of the school district, credited to the library fund, and be paid out only upon itemized vouchers approved by the library board. The library board may fix the compensation of employees and remove any of them at pleasure.

All books or other property given, granted, conveyed, donated, devised, or bequeathed to, or purchased by, such library shall vest in, and be held in the name of, such school district. Every library and reading-room established hereunder shall be free to the use of the inhabitants of the school district, subject to such reasonable regulations as the directors may adopt.

When so established, no such library shall be abandoned without a two-thirds majority vote of the electors cast at any annual or special school meeting called for the purpose.

When so established, in cases where the building has been erected with funds so donated, no such library shall be abandoned without a two-thirds majority vote of the electors cast at any annual or special school meeting called for the purpose.

Sec. 61. Minnesota Statutes, 1977 Supplement, Section 176.011. Subdivision 9, is amended to read:

Subd. 9. [EMPLOYEE.] "Employee" means any person who performs services for another for hire; and includes the following:

- (1) an alien;
- (2) a minor;
- (3) a sheriff, deputy sheriff, constable, marshal, policeman, fireman, a county highway engineer, and a peace officer while engaged in the enforcement of peace or in and about the pursuit or capture of any person charged with or suspected of crime;
- (4) a county assessor;
- (5) an elected or appointed official of the state, or of any county, city, town, school district or governmental subdivision therein but an officer of a political subdivision elected or appointed for a regular term of office or to complete the unexpired portion of any such regular term, shall be included only after the governing body of the political subdivision has adopted an ordinance or resolution to that effect;
- (6) an executive officer of a corporation except an officer of a family farm corporation as defined in section 500.24, subdivision 1, clause (c);
- (7) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the commissioner of public welfare and state institutions under the commissioner of corrections similar to those of officers and employees of such institutions, and whose services have been accepted or contracted for by the commissioner of public welfare or the commissioner of corrections as authorized by law, shall be employees within the meaning of this subdivision. In the event of injury or death of any such voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of such injury or death for similar services in institutions where such services are performed by paid employees;
- (8) a voluntary uncompensated worker engaged in peace time in the civil defense program when ordered to training or other duty by the state or any political subdivision thereof, shall be employees. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of such injury or death for similar services where such services are performed by paid employees;
- (9) a voluntary uncompensated worker participating in a

program established by a county welfare board shall be an employee within the meaning of this subdivision. In the event of injury or death of any such voluntary uncompensated worker, the wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid in the county at the time of such injury or death for similar services where such services are performed by paid employees working a normal day and week;

(10) a voluntary uncompensated worker accepted by the commissioner of natural resources who is rendering services as a volunteer pursuant to section 85.041 shall be an employee. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where such services are performed by paid employees.

(11) a member of the military forces, as defined in section 190.05, while in "active service" or "on duty" as defined in section 190.05, when the service or duty is ordered by state authority. The daily wage of the member for the purpose of calculating compensation payable under this chapter shall be based on the member's usual earnings in civil life. If there is no evidence of previous occupation or earning, the trier of fact shall consider the member's earnings as a member of the military forces;

(12) a voluntary uncompensated worker, accepted by the director of the Minnesota historical society, rendering services as a volunteer, pursuant to chapter 138, shall be an employee. The daily wage of the worker, for the purposes of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where such services are performed by paid employees - ;

(13) a voluntary uncompensated worker, other than a student, who renders services at the Minnesota school for the deaf, or the Minnesota braille and sight-saving school, and whose services have been accepted or contracted for by the state board of education, as authorized by law, shall be an employee within the meaning of this subdivision. In the event of injury or death of any such voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of such injury or death for similar services in institutions where such services are performed by paid employees.

In the event it is difficult to determine the daily wage as herein provided, then the trier of fact may determine the wage upon which the compensation is payable.

Sec. 62. Minnesota Statutes, 1977 Supplement, Section 275.07, is amended to read:

275.07 [CITY, TOWN AND SCHOOL DISTRICT TAXES.]
Subdivision 1. The taxes voted by cities, towns, and school districts shall be certified by the proper authorities to the county auditor on or before October tenth in each year. If a city, town,

county, school district or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year. If the local unit notifies the commissioner of revenue before October tenth of its inability to certify its levy by that date, and the commissioner is satisfied that the delay is unavoidable and is not due to the negligence of the local unit's officials or staff, the commissioner shall extend the time within which the local unit shall certify its levy.

Subd. 2. In school districts lying in more than one county, the clerk shall certify the tax levied to the auditor of the county in which the administrative offices of the school district are located.

Sec. 63. Minnesota Statutes, 1977 Supplement, Section 275.124, is amended to read:

275.124 [REPORT OF CERTIFIED LEVY.] Prior to *March February* 1 of each year, each county auditor shall report to the commissioner of education on forms furnished by the commissioner, the amount of the certified levy made by each school district within the county which has taxable property *and any other information concerning these levies that is deemed necessary by the commissioner*.

Sec. 64. Minnesota Statutes, 1977 Supplement, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. (1) In 1977, a school district may levy for all general and special school purposes, an amount equal to the amount raised by 28 mills times the 1976 adjusted assessed valuation of the district.

(2) In 1978, a school district may levy for all general and special school purposes, an amount equal to the amount raised by 27 mills times the 1977 adjusted assessed valuation of the district.

(3) For any district levying less than 95 percent of the maximum levy allowable in clauses (1) and (2), beginning with the levy certified in 1976 1978, payable in 1977 1979, the foundation aid to the district for the 1977-1978 1979-1980 school year, and for subsequent levies, foundation aid for subsequent school years, calculated pursuant to section 124.212, shall be reduced by 50 percent of the ~~to an amount of equal to the difference ratio~~ between the actual levy and the maximum levy allowable under clauses (1) and (2) *times the foundation aid to which the district is otherwise entitled for that year*. In the application of this clause, the maximum levy allowable under clauses (1) and (2) shall be reduced by any reduction of this levy which is required by section 275.125, subdivision 9 or any other law.

(4) (a) The levy authorized by clauses (1) or (2) may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. Such a referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only one such election may be held to approve a levy increase which

will commence in a specific school year. The question on the ballot shall state the maximum amount of the increased levy in mills, the amount that will be raised by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The question may designate a specific number of years for which the referendum authorization shall apply. If approved, the amount provided by the approved millage applied to each year's taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked by the voters of the district at a subsequent referendum.

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

(c) A petition authorized by clauses (a) or (b) of this clause shall be effective if signed by a number of qualified voters in excess of 15 percent, or 10 percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(d) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

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

Sec. 65. Minnesota Statutes 1976, Section 275.125, is amended by adding a subdivision to read:

Subd. 2b. (1) Beginning in 1978, in any year when the amount of the maximum levy allowed for any district by section 275.125, subdivision 2a, clause (1) or (2), exceeds the product of the district's foundation aid formula allowance under section 124.212 for the corresponding school year times the number of pupil units computed for that district under section 124.17 for that school year, the levy permitted that district by section 275.125, subdivision 2a, clause (1) or (2) shall be limited to 107 percent of the sum of the following, but not to exceed the number of mills permitted under section 275.125, subdivision 2a, clause (1) or (2):

(a) the product of the district's foundation aid formula allowance under section 124.212 for the school year in which the levy is certified times the number of pupil units computed for that district under sections 124.17 for the school year in which the levy is certified; plus the district's estimated aid entitlement pursuant

to section 124.20 for the summer school which begins in the school year in which the levy is certified; plus

(b) that district's entitlement, for the year in which the levy is certified, for transportation aid pursuant to section 124.222, special education aid pursuant to section 124.32, secondary vocational aid pursuant to section 124.573 and secondary vocational aid for handicapped children pursuant to section 124.574.

(2) If a district levies the full 107 percent of its entitlement under clause (1) for a school year and that amount is less than the aid to which the district would actually have been entitled under sections 124.212, 124.20, 124.222, 124.32, 124.573 or 124.574, the district may adjust its levies in the succeeding years to make up this difference. The amount by which the district is allowed to adjust its levies in the succeeding years pursuant to this clause shall be recorded as a receivable in the school year to which the aids are attributable.

(3) If a district levies pursuant to clause (1) for a school year and the amount levied is greater than the aid to which the district would actually have been entitled under sections 124.212, 124.20, 124.222, 124.32, 124.573 or 124.574, the district shall reduce its levies in the succeeding years by the amount of this difference.

(4) However, if the amount of the difference in clause (2), when calculated as an addition to the original levy for that year, would have exceeded the millage limitation in section 275.125, subdivision 2a, clause (1) or (2) in that year, the state shall pay the amount of aid to which the district is entitled for that school year which exceeds the amount attributable to that aid for which it could have levied for that year pursuant to this subdivision.

(5) If the district is unable to levy the full 107 percent of its entitlement for a school year because of the millage limitation in section 275.125, subdivision 2a, clause (1) or (2), the state shall pay the amount of aid under sections 124.212, 124.20, 124.222, 124.32, 124.573 or 124.574 to which the district is entitled for that school year which exceeds the amount attributable to that aid for which it was allowed to levy pursuant to this subdivision.

(6) Prior to the certification of levies, the commissioner of education shall notify an applicable district that it is subject to the levy limitation of this subdivision and of its estimated entitlements pursuant to sections 124.212, 124.20, 124.222, 124.32, 124.573 and 124.574. The commissioner shall decide that a district is subject to this levy limitation if it appears reasonably certain that the maximum levy allowed that district pursuant to section 275.125, subdivision 2a, clause (1) or (2) will exceed the district's foundation aid formula allowance times the number of pupil units computed for that district under section 124.17 for that corresponding year. If, upon the order of the commissioner, the district levies pursuant to this subdivision but the maximum levy allowed that district pursuant to section 275.125, subdivision 2a, clause (1) or (2) would not actually have exceeded the district's foundation aid formula allowance times the number of pupil units computed for that district under section 124.17 for that correspond-

ing year, the district shall reduce its levy for the next year by the amount by which the levy certified pursuant to this subdivision exceeded the amount the district could have levied under subdivision 2a, clause (1) or (2). Also in that case, the district shall receive all aids from the state pursuant to sections 124.212, 124.20, 124.222, 124.32, 124.573 and 124.574 to which it would otherwise have been entitled were it not for the levy certified pursuant to this subdivision.

(7) Nothing within the provisions of this subdivision shall be construed to affect any other levy under section 275.125, including levies made pursuant to section 275.125, subdivision 2a, clause (4), to which a district is otherwise entitled.

(8) A levy made by a district pursuant to the provisions of this subdivision shall be construed to be the levy made by that district pursuant to subdivision 2a, clause (1) and (2) of this section for purposes of statutory cross-reference.

Sec. 66. Minnesota Statutes 1976, Section 275.125, Subdivision 6, is amended to read:

Subd. 6. (1) In 1975 Any district in which the 1970-1971 adjusted maintenance cost per pupil unit in average daily membership was greater than \$663 per pupil unit may levy the greater of (a) an amount per pupil unit which is equal to or less than the difference between the 1970-1971 adjusted maintenance cost per pupil unit in average daily membership and \$663 per pupil unit or (b) if the district counts pupil units pursuant to section 124.17, subdivision 1, clause (6) and has at least two percent fewer pupil units in the year in which the levy is made than in the preceding school year, an amount which is equal to or less than the amount raised by the number of mills levied in 1977 pursuant to this subdivision times the adjusted assessed valuation of the taxable property in the district for the preceding year; provided, however, that the amount which the district may levy pursuant to clause (b) shall not increase in any year to more than the product of the amount raised in the previous year pursuant to this subdivision times the ratio of the foundation aid formula allowance per pupil unit for that district in the year in which the levy is certified divided by the foundation aid formula allowance per pupil unit for that district in the previous year. Provided, however, that a district with boundaries coterminous with the boundaries of a city of the first class which was affected by the limitation of an extra levy not to exceed 1.9 mills times the adjusted assessed valuation of the district shall be allowed to may levy the greater of (a) an amount per pupil unit which is equal to 2.0 mills times the 1974 adjusted assessed valuation of the district, divided by the number of pupil units in the district in 1975-1976 or (b) if the district counts pupil units pursuant to section 124.17, subdivision 1, clause (6) and has at least two percent fewer pupil units in the year in which the levy is made than in the preceding school year, an amount which is equal to or less than the amount raised by the number of mills levied in 1977 pursuant to this subdivision times the adjusted assessed valuation of the taxable property in the

district for the preceding year; provided, however, that the amount which the district may levy pursuant to clause (b) shall not increase in any year to more than the product of the amount raised in the previous year pursuant to this subdivision times the ratio of the foundation aid formula allowance per pupil unit for that district in the year in which the levy is certified divided by the foundation aid formula allowance per pupil unit for that district in the previous year.

As used in this subdivision, the term "foundation aid formula allowance per pupil unit" shall have the same meaning as provided in section 124.32, subdivision 1(a).

(2) In 1976 and each year thereafter, any district which qualified in 1975 for an extra levy under clause (1) shall be allowed to levy the same amount per pupil unit allowed by that clause.

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

Sec. 67. Minnesota Statutes, 1977 Supplement, Section 275.125, Subdivision 9, is amended to read:

Subd. 9. (1) Districts which receive payments which result in deductions from foundation aid pursuant to section 124.212, subdivision 8a, clause (1), shall reduce the permissible levies authorized by subdivisions 3 to 14 by that portion of the previous year's payment not deducted from foundation aid on account of the payment. The levy reductions shall be made in the proportions that each permissible levy bears to the sum of the permissible levies. Reductions in levies pursuant to this clause, subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

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

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections in the previous fiscal year less the product of the same dollar amount of payments times the ratio of the maximum levy allowed the district under section 275.125, subdivision 2a, to the total levy allowed the district under section 275.125 in the year in which the levy is certified .

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

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by section 275.125, subdivision 11a, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to that subdivision. The reduction of the capital expenditure levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year after fiscal year 1975 pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124.212, subdivision 8a, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the commissioner of finance in the following amounts pursuant to this clause on the designated dates: on or before March 15, 1977, 20 percent of the amounts received in fiscal 1976 and not deducted from foundation aid in August 1976 and not applied to reduce 1976 payable 1977 levies; on or before March 15, 1978, 60 percent of the amounts received in fiscal 1977 and not deducted from foundation aid and not applied to reduce 1977 payable 1978 levies; on or before March 15, 1979 and March 15 of each year thereafter, 100 percent of the amounts received in the preceding fiscal year and not deducted from foundation aid and not applied to reduce levies certified in the preceding October . Any amounts received by districts in any fiscal year after fiscal year 1977 pursuant to the sections specified in this clause shall be paid by the district to the commissioner of finance in the following amounts on the designated dates: on or before March 15, 1979 and March 15 of each year thereafter, 100 percent of the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section 124.212, subdivision 8a, which is in excess of the foundation aid earned for that fiscal year. The commissioner of finance shall deposit any amounts received pursuant

to this clause in the taconite property tax relief fund in the state treasury, established pursuant to section 16A.70 for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 68. Minnesota Statutes, 1977 Supplement, Section 275.125, Subdivision 13, is amended to read:

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

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

(2) For districts formed pursuant to Laws 1967, Chapter 822, as amended, and Laws 1969, Chapters 775 and 1060 as amended, one-half mill, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee.

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

Sec. 69. Minnesota Statutes 1976, Section 275.125, Subdivision 15, is amended to read:

Subd. 15. ~~Any district which in any year levies an amount which is greater than the amount allowed by subdivisions 2a to 14, shall lose an amount of state foundation aid equal to one-half of the excess in the levy. However, If any school district levy is found to be excessive as a result of a decision of the tax court of appeals or a redetermination by the equalization aid review committee under section 124.212, subdivisions 11 to 18 or for any other reason, the amount of the excess shall be deducted from the levy certified in the next year for the same purpose; provided that if no levy is certified in the next year for the same purpose or if the amount certified is less than the amount of the excess, the excess shall be deducted from that levy and the levy certified pursuant to subdivision 2a. The amount of aid lost shall be deducted from the aid which would otherwise have been received for the school year which commences in the calendar year during which the excessive levy is being collected. Any foundation aid so withheld shall be withheld in accordance with the procedures specified in section 124.15. If any aid entitlement pursuant to sections 124.212, 124.222 and 124.245 would have been increased in a prior year as a result of a decision of the tax court of appeals or a redetermination by the equalization aid review committee, the amount of the increase shall be added to the current aid entitlement for the same purposes.~~

Sec. 70. Minnesota Statutes 1976, Section 275.125, Subdivision 16, is amended to read:

Subd. 16. For the purposes of this section, the number of *resident* pupil units in average daily membership shall be computed in accordance with section 124.17, provided that the district may use an estimated average daily membership for the current school year. Any district which increased its pupil units, exclusive of consolidation, or merger of districts, or change of definition of pupil units by more than five percent from one year to another *for two consecutive years* may use an estimated pupil unit count for the next succeeding school year for determining a levy certified in the current year. If as a result of such estimate the levy is different from the amount that could actually have been levied under this section had such levy been based upon the pupil units computed under section 124.17 for that school year, ~~then in that event~~ the authorized levy for the following year shall be adjusted for the difference.

Sec. 71. Minnesota Statutes 1976, Section 275.125, Subdivision 18, is amended to read:

Subd. 18. By November 1 of each year each district shall ~~submit to notify~~ the commissioner of education a ~~certificate of the levies certified in~~ compliance with the levy limitations of this section. The commissioner of education shall prescribe the form of this ~~certificate notification~~.

Sec. 72. Minnesota Statutes 1976, Section 275.48, is amended to read:

275.48 [ADDITIONAL TAX LEVIES IN CERTAIN MUNICIPALITIES.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the assessed valuation of any city, township or school district for any taxable year is reduced after the taxes for such year have been spread by the county auditor and whenever the mill rate as determined by the county auditor based upon the original assessed valuation is applied upon such reduced valuations and does not produce the full amount of taxes as actually levied and certified for such taxable year upon the original assessed valuations, such city, township or school district may include in its tax levy made following final determination and notice of such reduction in assessed valuation, an amount equal to the difference between (1) the total amount of taxes actually levied and certified for such taxable year upon the original assessed valuation, not exceeding the maximum amount which could be raised upon such assessed valuation as reduced, within existing mill limitations, if any, and (2) the amount of taxes collected for such taxable year upon such reduced valuations. *However, if a school district receives aid payment adjustments pursuant to section 124.214, subdivision 2, it may only include in its tax levy an amount equal to the difference between (1) the total amount of taxes actually levied and certified for such taxable year upon the original assessed valuation, not exceeding the maximum amount which could be raised upon such assessed valuation as reduced, within existing mill limitations, if any, and (2) an amount equal*

to the amount of taxes collected for such taxable year upon such reduced valuations, plus the amount of any increased aid received by the district as a result of those aid adjustments.

The amount of taxes so included shall be levied separately and shall be levied in addition to all limitations imposed by law; and further shall not result in any penalty in the nature of a reduction in state aid of any kind.

Sec. 73. 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 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) and part (d), 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) and

part (d) , 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 sections 124.212, subdivision 8a computed as a reduction of the school district levies pursuant to section 275.125, subdivision 9, 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.

(d) 25 percent of the tax remaining in part (b) after deduction of the distribution pursuant to 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). It shall be distributed to such qualifying school districts by dividing the amount herein provided by the direct proportion of such school districts' pupil units to the total pupil units of such qualifying districts. Notwithstanding the provisions of section 124.212, subdivision 8a, clause (2) and the provisions of section 275.125, subdivision 9, clause (2) or any other law to the contrary, the amount which a school district is entitled to receive pursuant to this clause shall not be applied to reduce foundation aids which such school district is entitled to receive pursuant to section 124.212 or the permissible levies of the district.

(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) 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) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (8) 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

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 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. 74. Minnesota Statutes 1976, Section 298.39, is amended to read:

298.39 [DISTRIBUTION OF PROCEEDS.] The proceeds of the tax collected under section 298.35 shall be distributed by the state treasurer, upon certificate of the commissioner of revenue to the general fund of the state and to the various taxing districts in which the lands from which the semi-taconite was mined or quarried were located in the following proportions: 22 percent thereof to the city or town; 50 percent thereof to the school district; 22 percent thereof to the county; six percent thereof to the state. If the mining 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 or towns among such subdivisions, and the part going to school districts among such districts, and the part going to counties among such counties, upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the semi-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. The amount so distributed shall be divided among the various funds of the state, or of the taxing districts in the same proportion as the general ad valorem tax thereof. If in any year the state shall not spread any general ad valorem tax levy against real property, the state's proportion of the tax shall be paid into the general fund. The amount distributed to any city and one third in 1971 and that portion not deducted from state aids in section 124.212, subdivision 8, thereafter of the amount distributed to any school district under the provisions hereof which is computed as a reduction of the school district levies pursuant to section 275.125, subdivision 9, shall be included in computing the permissible levies of such city or school district under sections 275.11 or 275.125, but shall not be included in computing mill rate limitations, including cost of living adjustments thereof, so long as the levies do not exceed the limitations provided by said sections 275.11 or 275.125. On or before October 10 of each calendar year each producer of semi-taconite subject to taxation under section 298.35, 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 or city 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 such 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 except in the case of school districts one third in 1971 and that portion not deducted from state aids in section 124.212, subdivision 8, thereafter of the indicated amount which is computed as a reduction of school district levies pursuant to section 275.125, subdivision 9, is to be used in computing, pursuant to sections 275.11 or 275.125, the permissible tax levy of such city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.36, as the amount of tax payable under section 298.35, 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 298.35, 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 275.11 or 275.125 has been made, if the taxes distributable to any such city or school district are greater than the amount estimated to be paid to any such city or school district in such year, the excess of such distribution shall be held in a special fund by the 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 275.11 or 275.125 of such city or school district payable in such year. If the amounts distributable to any such 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 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 275.11 or 275.125 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 appropriated to such taxing districts as are stated herein, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer.

Sec. 75. Minnesota Statutes 1976, Section 298.396, is amended to read:

298.396 [DISTRIBUTION OF PROCEEDS.] The proceeds of the tax collected under section 298.393 shall be distributed by the state treasurer, upon certificate of the commissioner to the general fund of the state and to the various taxing districts in which the agglomerating facility is located in the following proportions: 22 percent thereof to the city or town; 50 percent thereof to the school district; 22 percent thereof to the county; 6 percent thereof to the state. If the agglomerating facility is located in more than one tax district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities or towns among such subdivisions, and the part going to school districts among such districts, and the part going to counties among such counties, giving due consideration to the relative extent of the facilities located 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. The amount to be distributed among the several taxing districts of the state shall be divided by such districts among the funds of such districts in

the same proportion as the general ad valorem tax thereof. The amount distributed to any city and one-third in 1971 and that portion not deducted from state aids in section 124.212, subdivision 8, thereafter of the amount distributed to any school district under the provisions hereof which is computed as a reduction of the school district levies pursuant to section 275.125, subdivision 9, shall be included in computing the permissible amount of the levies of such city or school district under sections 275.11 or 275.125, but shall not be included in computing mill rate limitations, including cost of living adjustments thereof, so long as the levies do not exceed the limitations provided by said sections 275.11 or 275.125.

Sec. 76. Minnesota Statutes 1976, Section 471.16, Subdivision 1, is amended to read:

471.16 [MAY ACT INDEPENDENTLY OR COOPERATIVELY.] Subdivision 1. Any city, however organized, or any town, county, school district, or any board thereof, or any incorporated post of the American Legion or any other incorporated veterans' organization, may operate such a program independently, or they may cooperate among themselves or with any nonprofit organization in its conduct and in any manner in which they may mutually agree; or they may delegate the operation of the program to a recreation board created by one or more of them, and appropriate money voted for this purpose to such board which may in turn support or cooperate with a nonprofit organization. *In the case of school districts after April 15, 1978, the right to enter into such agreements with any other corporation, board or body hereinbefore designated where bonds are issued by the other party and revenue pledged for bonds issued pursuant to section 471.191, shall be authorized only upon obtaining the approval of a majority of the electors voting on the question at a regular or special school election.*

Sec. 77. [471.1911] *Agreements entered into by school districts pursuant to the provisions of 471.15 to 471.191 or Laws 1967, Chapter 33, prior to April 15, 1978, without a referendum, are not void and are hereby validated.*

Sec. 78. Minnesota Statutes 1976, Section 471.61, Subdivision 1, is amended to read:

471.61 [GROUP INSURANCE, PROTECTION FOR OFFICERS, EMPLOYEES, RETIRED OFFICERS AND EMPLOYEES.] Subdivision 1. [OFFICERS, EMPLOYEES.] Any county, municipal corporation, town, school district, county extension committee, other political subdivision or other body corporate and politic of this state, other than the state or any department thereof, through its governing body, and any two or more subdivisions acting jointly through their governing bodies, may insure or protect its or their officers and employees, and their dependents, or any class or classes thereof, under a policy or policies, or contract or contracts of group insurance or benefits covering life, health, and accident, in the case of employees, and medical and surgical

benefits, and hospitalization insurance or benefits, for both employees and dependents, or dependents of an employee whose death was due to causes arising out of and in the course of employment, or any one or more of such forms of insurance or protection. *A school district may elect to provide any or all of these benefits through self-insurance.* Any such governmental unit, including county extension committees and those paying their employees, may pay all or any part of the premiums or charges on such insurance or protection. Any such payment shall be deemed to be additional compensation paid to such officers or employees but for purposes of determining contributions or benefits under any public pension or retirement system it shall not be deemed to be additional compensation. Any one or more of such governmental units may determine that a person is an officer or employee if such officer or employee receives a portion of his income from such governmental subdivisions without regard to the manner of his election or appointment. The appropriate officer of such governmental unit, or those disbursing county extension funds, shall deduct from the salary or wages of each officer and employee who elects to become insured or so protected, on the officer's or employee's written order, all or part of the officer's or employee's share of such premiums or charges and remit the same to the insurer or company issuing such policy or contract.

Any governmental unit which pays all or any part of such premiums or charges is authorized to levy and collect a tax, if necessary, in the next annual tax levy for the purpose of providing the necessary funds for the payment of such premiums or charges, and except for school districts such sums so levied and appropriated shall not, in the event such sum exceeds the maximum sum allowed by any law or the charter of a municipal corporation, be considered part of the cost of government of such governmental unit as defined in any tax levy or per capita expenditure limitation; provided at least 50 percent of the cost of benefits on dependents shall be contributed by the employee or be paid by levies within existing per capita tax limitations.

The word "dependents" as used herein shall mean spouse and minor unmarried children under the age of 18 years actually dependent upon the employee.

Sec. 79. [REPORT; DISEQUALIZING RESOURCES.] *Prior to January 1, 1979, the commissioner shall file a written report with the appropriate education committees and subcommittees of the senate and house of representatives on the amount of revenues derived by each district in the state for the 1973-1974, 1974-1975, 1975-1976, 1976-1977 or the 1977-1978 school year pursuant to each of the following statutes: 84A.51, subdivision 4; 88.51; 88.52, subdivision 4; 89.036; 90.50, subdivision 5; 93.283, subdivision 7; 93.335, subdivision 4; 94.52; 94.521; 97.49; 124.63; 270.38; 272.04; 272.05; 272.68, subdivision 3; 273.111, subdivision 10; 273.112, subdivision 8; 273.13, subdivision 2a; 274.19, subdivision 7; 279.37, subdivision 7; 282.08; 285.14; 462.575, subdivision 3; 473F.08, subdivision 8; and Laws 1961, Chapter 612, Section 1. However, the commissioner shall not require reports of districts or report to*

the legislature on any revenues received pursuant to any one of these statutory provisions if that particular revenue is presently reduced or subtracted from the foundation aid of a district or if an amount attributable to that revenue is reduced from a school district's levies pursuant to section 275.125, subdivision 9.

Sec. 80. Laws 1967, Chapter 33, is amended by adding a section to read:

Sec. 6a. After April 15, 1978, a school district shall have the right to enter into an agreement with the city of Coon Rapids where the city pledges revenues for the acquisition and betterment of recreational facilities pursuant to Laws 1967, Chapter 33, only after authorization is granted the district by a majority of the electors voting on the question at a regular or special school election.

Sec. 81. Laws 1967, Chapter 822, Section 7, as amended by Laws 1969, Chapter 945, Section 2; Laws 1975, Chapter 432, Section 84; and Laws 1977, Chapter 447, Article V, Section 13, is amended to read:

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

Sec. 82. Laws 1969, Chapter 775, Section 4, Subdivision 1, is amended to read:

Sec. 4. [FINANCING.] Subdivision 1. The intermediate school board shall be a public agency and may receive and disburse federal and state funds made available to it including moneys described in Minnesota Statutes, Section 121.21. For purposes of this act all post high school students attending facilities of said intermediate school district shall be deemed nonresident students, except those students residing within the component district where the facility is located, for purposes of state aids; provided that the percentage of students enrolled for which this school receives reimbursement a nonresident basis shall not exceed the statewide average percentage of nonresident students

in other area vocational technical schools. No participating school district as such shall have any individual liability for the debts or obligations of said intermediate school district nor shall any individual serving as a member of the intermediate school board have such liability. Any property, real or personal, acquired, owned, leased, used, or controlled in any way by the intermediate board for its purposes shall be exempt from taxation by the state or any of its political subdivisions.

Sec. 83. Laws 1969, Chapter 775, Section 4, Subdivision 2, as amended by Laws 1971, Chapter 267, Section 3; Laws 1975, Chapter 432, Section 85; and Laws 1977, Chapter 447, Article V, Section 14, is amended to read:

Subd. 2. The intermediate school board ~~shall~~ *may* in each year for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, the tax levy specified in Minnesota Statutes, Section 275.125, Subdivision 13, Clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Said annual tax levies shall be certified pursuant to Minnesota Statutes, Section 124.02. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations, if any, upon the levy of the intermediate district or any of the participating districts under Minnesota Statutes, Section 275.125. After such levies have been certified to the appropriate county officials the intermediate school board may issue and sell by negotiation or at public sale its certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amount such as will not exceed the portion of such tax levy which is then not collected and not delinquent.

Sec. 84. Laws 1969, Chapter 1060, Section 7, as amended by Laws 1975, Chapter 432, Section 86, and Laws 1977, Chapter 447, Article V, Section 15, is amended to read:

Sec. 7. [TAX LEVIES.] The joint school board ~~shall~~ *may* each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational-technical schools, certify to each participating school district the tax levy specified in Minnesota Statutes, Section 275.125, Subdivision 13, Clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly

when received. Such levies shall not be included in computing the limitations upon the levy of any district under Minnesota Statutes, Section 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 85. Laws 1971, Chapter 722, Section 1, as amended by Laws 1975, Chapter 432, Section 87, is amended to read:

Section 1. [SPECIAL SCHOOL DISTRICT NO. 1; TAX LEVY.] To provide moneys to pay any administrative, operational, planning or capital expenses of an area vocational-technical school established pursuant to the provisions of Minnesota Statutes, Section 121.21, the board of directors of special school district No. 1 of Minneapolis shall *may* levy the tax specified in ~~section 76, clause 1 of this act~~ *Minnesota Statutes, Section 275.125; Subdivision 13, Clause (1)*.

Sec. 86. [CONSOLIDATION ELECTION; INDEPENDENT SCHOOL DISTRICTS NO. 326 AND NO. 323.] *At any election called pursuant to section 122.23 for the consolidation of Independent School District No. 326 and Independent School District No. 323, the boards of those districts may submit to the voters of those districts an additional proposal to:*

(a) *increase the number of directors on the board of the consolidated district to seven, and*

(b) *establish separate election districts from which the directors of the consolidated district will be elected.*

The proposal shall be set forth in a joint resolution of the boards of both districts adopted in accordance with Minnesota Statutes, Section 123.32, Subdivision 22. That portion of the joint resolution establishing the separate election districts shall be adopted in accordance with Minnesota Statutes, Section 123.32, Subdivisions 9 to 21.

The proposal shall be effective upon approval of that proposal and the consolidation proposal by a majority of those voting at that election.

This section expires December 31, 1979.

Sec. 87. [SUMMER SCHOOL DEFICIENCY.] Laws 1977, Chapter 447, Article I, Section 23, Subdivision 2, is amended to read:

Subd. 2. [FOUNDATION AID.] For foundation aid there is appropriated:

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

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

(a) The appropriation in this subdivision for fiscal year 1978 includes not to exceed \$60,000,000 for the payment of the final

foundation aid distribution for fiscal year 1977, of which not to exceed \$8,241,000 \$8,826,000 is for foundation aid for 1977 summer school programs.

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

Sec. 88. [RESIDENTIAL FACILITIES DEFICIENCY.] Laws 1977, Chapter 447, Article III, Section 16, Subdivision 2, is amended to read:

Subd. 2. For special education aid there is appropriated:

\$66,225,000.....1978,

\$78,140,000.....1979.

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

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

(c) The appropriations in this subdivision include not to exceed \$500,000 \$550,000 in 1978 and \$600,000 in 1979 for aid pursuant to section 124.32, subdivision 5. These amounts are the total appropriations for this purpose for each year.

Sec. 89. *Notwithstanding the provisions of Laws 1977, Chapter 447, Article II, Section 11, Subdivision 2, Clause (d), any unexpended balance of the \$150,000 appropriated pursuant to that clause for transportation aid authorized pursuant to section 124.223, clause (9) for the year ending June 30, 1978 shall be available for the same purpose for the year ending June 30, 1979. Nothing in this section, however, shall be construed to modify the proration requirement, as to these sums, which is specified in Laws 1977, Chapter 447, Article II, Section 11, Subdivision 3.*

Sec. 90. [DEFICIENCY APPROPRIATION; ADVISORY COUNCILS.] *There is appropriated from the general fund to the department of education the sum of \$5,500 for the year ending June 30, 1978 and the sum of \$11,000 for the year ending June 30, 1979, for the purpose of paying the expenses of the advisory council on the Minnesota school for the deaf and the advisory council on the Minnesota braille and sight-saving school. The appropriations in this section shall be added to the sums appropriated for that purpose for the years designated in Laws 1977, Chapter 449, Section 2, Subdivision 3.*

Sec. 91. [DEFICIENCY APPROPRIATION; COMMUNITY EDUCATION.] *There is appropriated from the general fund to the state department of education the sum of \$35,000 for the year ending June 30, 1978. The appropriation in this section shall be added to the sum appropriated for the same year in Laws 1977, Chapter 447, Article IV, Section 7, Subdivision 4.*

Sec. 92. [AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN; TRANSFER OF APPROPRIATED SUMS.] Subdivision 1. *The sum of \$1,800,000 shall be available to the department of education for secondary vocational education programs for handicapped children for the year ending June 30, 1979.*

(a) Of this amount, the sum of \$1,538,000 is transferred from the special education aid appropriation for fiscal year 1979 in Laws 1977, Chapter 447, Article III, Section 16, Subdivision 2, and reappropriated for this purpose.

(b) This amount is based on the assumption that the state will spend for this purpose an amount at least equal to \$262,000 in fiscal year 1979, of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

Subd. 2. *None of the amounts transferred and reappropriated for secondary vocational education for handicapped children shall be used for any other purpose. If the amount reappropriated is insufficient, the aid shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriation in this section for this purpose.*

Sec. 93. [APPROPRIATION; TRAVEL AID.] *There is appropriated from the general fund to the department of education the sum of \$700,000 for the fiscal year ending June 30, 1979, for the travel aid established in section 34 of this act. If this amount is insufficient, the aid shall be prorated among the qualifying units and the state shall not be obligated for this purpose.*

Sec. 94. [APPROPRIATION; VETERAN'S TUITION.] *There is appropriated from the general fund to the state department of education the sum of \$840,000 for the year ending June 30, 1979. The appropriation in this section shall be added to the sum appropriated for the year designated in Laws 1977, Chapter 447, Article V, Section 20, Subdivision 2.*

Sec. 95. [APPROPRIATIONS; AFDC CONCENTRATION.] *There is appropriated from the general fund to the department of education the sum of \$1,164,600 for the year ending June 30, 1979. This amount shall be added to the sum appropriated for the year designated in Laws 1977, Chapter 447, Article I, Section 23, Subdivision 2.*

Sec. 96. [REPEALER.] Subdivision 1. *Minnesota Statutes 1976, Sections 120.065, 120.07, 124.02, and 124.16 are repealed. Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a,*

is repealed. This subdivision shall be effective the day following final enactment.

Subd. 2. Minnesota Statutes, 1977 Supplement, Section 124.213, is repealed. This subdivision shall be effective on July 1, 1978.

Sec. 97. [EFFECTIVE DATES.] *Subdivision 1. Except as provided in section 96, subdivision 2, and in this section, the provisions of this act shall be effective the day following its final enactment.*

Subd. 2. Sections 58 and 61 of this act shall be retroactively effective on July 1, 1977. Section 11 of this act shall be retroactively effective on July 1, 1977 and permanent fund transfers from an area vocational-technical school's general fund to its capital expenditure fund made after June 30, 1977 are validated.

Subd. 3. Section 12 of this act, insofar as it affects named pairs of independent school districts, shall be effective as to each pair upon its approval by the school boards of both of the paired districts. Otherwise, section 12 of this act shall be effective the day following final enactment.

Subd. 4. Sections 5, 6, 7, 25, 31, 33, 34, 38, 39, 40, 41, 42, 49, 63, 64, 65, 66, 68, 81, 83, 84, 85, 93, 94 and 95 of this act shall be effective on July 1, 1978."

Further, strike the title and insert

"A bill for an act relating to education; providing for certain adjustments in aids to education, tax levies, and the distribution of tax revenues; granting certain powers and duties to school boards, school districts, school bus contractors, the commissioner of education, the state board of education, the state board for vocational education, and the board of teaching; allowing certain fees; establishing formulas for travel aid and aid for certain secondary vocational education programs; increasing incentives for teacher mobility; appropriating money; amending Minnesota Statutes 1976, Sections 6.62, Subdivision 1; 120.17, Subdivision 3; 120.64, Subdivision 4; 120.73, by adding a subdivision; 121.21, Subdivision 6; 121.216; 121.904, Subdivision 7, and by adding a subdivision; 122.23, by adding subdivisions; 123.34, Subdivisions 4 and 8; 123.37, Subdivisions 1b, 3 and 4; 123.39, by adding subdivisions; 124.15, Subdivisions 2 and 6; 124.17, by adding a subdivision; 124.212, Subdivision 20; 124.222, by adding a subdivision; 124.563, Subdivision 2; 124.565, by adding a subdivision; 125.12, Subdivisions 6a and 6b; 125.185, Subdivision 4, and by adding a subdivision; 126.12; 127.25, Subdivisions 1, 2, and by adding a subdivision; 128A.02, by adding a subdivision; 128A.03, Subdivision 2; 134.03; 275.125, Subdivisions 6, 15, 16 and 18, and by adding a subdivision; 275.48; 298.39; 298.396; 471.16, Subdivision 1; 471.61, Subdivision 1; Chapter 120, by adding a section; Chapter 124, by adding sections; Minnesota Statutes, 1977 Supplement, Sections 121.912, Subdivision 1; 122.85, Subdivision 1; 124.17, Subdivision 1; 124.212, Subdivisions 5a and 8a; 124.214; 124.222, Subdivision 6; 124.223; 124.32, Subdivisions 1b, 5 and 7; 124.562, Subdivision 1; 124.563, Subdivision 1; 124.572,

Subdivision 3; 124.573, Subdivisions 2, 3, and by adding a subdivision; 125.60, Subdivision 2; 125.61, Subdivisions 1 and 2; 176.011, Subdivision 9; 275.07; 275.124; 275.125, Subdivisions 2a, 9 and 13; 298.28, Subdivision 1; Laws 1967, Chapter 33, by adding a section; Laws 1967, Chapter 822, Section 7, as amended; Laws 1969, Chapter 775, Section 4, Subdivision 1 and Subdivision 2, as amended; Laws 1969, Chapter 1060, Section 7, as amended; Laws 1971, Chapter 722, Section 1, as amended; Laws 1977, Chapter 447, Article I, Section 23, Subdivision 2 and Article III, Section 16, Subdivision 2; repealing Minnesota Statutes 1976, Sections 120.065; 120.07; 124.02; 124.16; Minnesota Statutes, 1977 Supplement, Sections 123.39, Subdivision 5a; and 124.213."

The motion prevailed. So the amendment was adopted.

Mr. Moe moved to amend H. F. No. 1885, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 1781.)

Page 91, after line 25, insert

"Sec. 96. [APPROPRIATION; INDIAN EDUCATION.] *There is appropriated from the general fund to the department of education the sum of \$348,000 for the year ending June 30, 1979. This appropriation is available for expenditure with the approval of the governor after consultation with the legislative advisory commission in the manner provided in section 3.30. This appropriation is available October 1, 1978, but only if there will not be available for the districts enumerated in this section for the 1978-1979 school year any operational support funds from the federal bureau of Indian affairs pursuant to the Johnson-O'Malley act, P.L. 73-167 or 25 CFR 273.31, or equivalent money from the same or another source. This appropriation shall be distributed as follows: \$141,000 to Independent School District No. 25; \$25,000 to Independent School District No. 166; \$38,000 to Independent School District No. 432; \$36,000 to Independent School District No. 435; and \$108,000 to Independent School District No. 707. These amounts shall be expended only for the benefit of Indian students and for the purpose of meeting established state educational standards or statewide requirements.*"

Page 92, line 3, strike "96" and insert "97"

Page 92, line 19, strike "and" and insert a comma

Page 92, line 20, after "95" insert "and 96"

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

Mr. Davies moved to amend H. F. No. 1885, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 1781.)

Pages 81 and 82, strike section 78

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 32, strike "471.61, Subdivision 1;"

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

Mr. Nichols moved to amend H. F. No. 1885, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 1781.)

Page 33, line 15, strike "*his 29th birthday*" and insert "*September 1, 1981*"

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

Mr. Davies moved to amend H. F. No. 1885, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 1781.)

Page 81, line 28, after "*self-insurance*" insert "*until July 1, 1980*"

The motion prevailed. So the amendment was adopted.

Pursuant to Rule 21, Mr. Moe moved that the following members be excused for a Conference Committee on H. F. Nos. 2493 and 2494:

Messrs. Moe, Lewis, Kleinbaum and Kirchner. The motion prevailed.

Mr. Engler moved to amend H. F. No. 1885, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 1781.)

Page 53, after line 13, insert:

"Sec. 62. Minnesota Statutes, 1977 Supplement, Section 273.132, is amended to read:

273.132 [STATE PAID AGRICULTURAL CREDIT.] The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to the tax levy that would be produced by applying a rate of ~~15~~ 16 mills on the property. The county auditor shall reduce the tax for school purposes on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, by an amount that would be produced by applying a rate of ten mills on the property. The amounts so computed by the county auditor shall

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

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

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 2, line 3, after "9;" insert "273.132;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 32, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Keefe, J.	Olson	Sieloff
Bang	Engler	Knaak	Pillsbury	Ueland, A.
Bernhagen	Frederick	Knutson	Purfeerst	Ulland, J.
Brataas	Jensen	Ogdahl	Renneke	

Those who voted in the negative were:

Anderson	Hughes	Menning	Peterson	Stokowski
Benedict	Johnson	Merriam	Schaaf	Strand
Davies	Keefe, S.	Nelson	Schrom	Stumpf
Dieterich	Knoll	Nichols	Setzepfandt	Tennessen
Gearty	Laufenburger	Olhoff	Solon	Vega
Gunderson	Lessard	Penny	Spear	Willet
Hanson	Luther			

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

Mrs. Brataas moved to amend H. F. No. 1885, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 1781.)

Page 20, after line 30, insert

"Sec. 28. Minnesota Statutes, 1977 Supplement, Section 124.212, Subdivision 7b, is amended to read:

Subd. 7b. For the 1978-1979 school year a district shall receive in foundation aid \$1,000 \$1,095 per pupil unit less 28 mills times the 1976 adjusted assessed valuation of the district, plus the amount of the agricultural tax credit by which 1977 payable 1978 property taxes in the district are reduced pursuant to section 273.132."

Page 23, after line 11, insert

"Sec. 35. Minnesota Statutes, 1977 Supplement, Section 124.32, Subdivision 1a, is amended to read:

Subd. 1a. For purposes of this section, for the 1977-1978 school year, the foundation aid formula allowance per pupil unit shall be the lesser of \$1,030 or the greater sum computed pursuant to section 124.212, subdivision 6b, clause (2). For the 1978-1979 school year, the foundation aid formula allowance per pupil unit shall be \$1,000 \$1,095. Computations of foundation aid formula allowances pursuant to this section shall be based on the foundation aid formula allowance per pupil unit in the child's district of residence. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1, clause (1) or (2)."

Page 91, after line 25, insert

"Sec. 96. [APPROPRIATION; FOUNDATION AID.] *There is appropriated from the general fund to the department of education for the year ending June 30, 1979 the sum of \$4,588,000. The appropriation in this section shall be added to the sum appropriated for the same year in Laws 1977, Chapter 447, Article 1, Section 23, subdivision 2.*"

Renumber the sections accordingly

Correct the internal references accordingly

Further, amend the title as follows:

Page 1, line 37, after "5a" insert ", 7b"

Page 1, line 38, after "Subdivisions" insert "1a,"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 32, as follows:

Those who voted in the affirmative were:

Ashbach
Bang
Benedict
Bernhagen

Brataas
Dunn
Engler
Frederick

Jensen
Keefe, J.
Knaak
Knutson

Ogdahl
Pillsbury
Renneke
Schrom

Sieloff
Ueland, A.
Ulland, J.

Those who voted in the negative were:

Anderson	Hughes	McCutcheon	Peterson	Stokowski
Chenoweth	Johnson	Menning	Purfeerst	Strand
Davies	Keefe, S.	Merriam	Schaaf	Stumpf
Dieterich	Knoll	Nelson	Schmitz	Tennessee
Gearty	Laufenburger	Olhoft	Setzepfandt	Vega
Gunderson	Lessard	Penny	Spear	Willet
Hanson	Luther			

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

Mr. Bernhagen moved to amend H. F. No. 1885, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to Senate File 1781.)

Page 31, line 26, after the period insert:

"The amount raised by the discretionary levy allowed by section 275.125, subdivision 13, shall not be reduced from the post-secondary vocational foundation aid in the 1979-1980 school year and thereafter."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 32, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Knoll	Olson	Sieloff
Bang	Frederick	Knutson	Pillsbury	Ueland, A.
Bernhagen	Jensen	Nelson	Renneke	Ulland, J.
Brataas	Knaak	Olhoft		

Those who voted in the negative were:

Anderson	Hanson	McCutcheon	Purfeerst	Stokowski
Benedict	Hughes	Menning	Schaaf	Strand
Chenoweth	Johnson	Merriam	Schmitz	Stumpf
Davies	Keefe, S.	Penny	Setzepfandt	Tennessee
Dieterich	Laufenburger	Perpich	Solon	Vega
Gearty	Lessard	Peterson	Spear	Willet
Gunderson	Luther			

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

Mr. Knutson moved to amend H. F. No. 1885, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 1781.)

Page 83, after line 22, insert:

"Sec. 80. [LEGISLATIVE EDUCATIONAL FINANCE STUDY COMMISSION.] *Subdivision 1. [CREATION.] A permanent commission to continually study and investigate educational finance systems is hereby created.*

Subd. 2. [POWERS.] The name of the commission is the legislative educational finance study commission. The commission shall

make a continuing study and investigation of educational finance plans applicable to school districts in this state. The powers and duties of the commission include, but are not limited to the following:

(a) The study of educational finance in Minnesota in all its aspects including federal, state and local financing of elementary, middle school, secondary, adult, and vocational education;

(b) The study and analysis of all phases and aspects of the financing of higher education systems and institutions both public and private;

(c) The making of recommendations to the legislature within the scope of the study, including attention to various methods and plans for financing education, and the filing of a report biennially to the governor and the legislature;

(d) The consideration of the financial status of school districts and higher education systems and institutions throughout Minnesota, including analysis of both revenues and expenditures;

(e) The consideration of future revenue needs and resources of Minnesota school districts and higher education systems and institutions and of plans for meeting these needs;

(f) The creation of a data base as necessary for the compilation and analysis of financial information on school districts in Minnesota;

(g) The study of power equalization financing as it would relate to Minnesota school districts;

(h) The study of revisions in categorical aid areas including, but not limited to, special education, secondary and adult vocational education, adult education, transportation aids, special aids, and in lieu aids;

(i) The study of other areas relating to the financing of education in Minnesota including, but not limited to, school enrollments, school construction, interdistrict cooperation, staff salaries, administration, and disparities in costs, revenues, and taxes;

(j) To study, analyze, and prepare reports regarding any other subjects certified to the commission for such study.

Subd. 3. [MEMBERSHIP.] The commission consists of eight members of the senate to be appointed by the subcommittee on committees and eight members of the house of representatives to be appointed by the speaker. The first members of this commission shall be selected to serve for a term expiring on January 15 of the next session of the legislature and until their successors are appointed. Subsequent members of the commission shall be appointed at the commencement of each session of the legislature for a two year term beginning January 16 of the year of such regular session. Vacancies on the commission occurring while the legislature is in session shall be filled in the same manner as origi-

nal appointments to the commission. If the legislature is not in session, vacancies in the membership of the commission shall be filled by the last senate subcommittee on committees or other appointing authority designated by the senate rules in case of a senate vacancy, and by the last speaker of the house, or if he be not available, by the last chairman of the house rules committee in case of a house vacancy.

Subd. 4. [OFFICE, MEETINGS, OFFICERS.] The commission shall maintain an office in the capitol group of buildings in space which the legislative coordinating commission shall designate. The commission shall hold meetings at such times and places as it may designate. It shall select a chairman, a vice chairman and such other officers from its membership as it may deem necessary.

Subd. 5. [STAFF.] The commission shall designate or employ such professional, clerical, and technical assistants as it deems necessary in order for the legislative educational finance study commission to perform the duties herein prescribed.

Subd. 6. [ASSISTANCE OF OTHER AGENCIES.] The commission may request information from any state officer or agency in order to assist in carrying out the terms of this section and such officer or agency is authorized and directed to promptly furnish any data requested.

Subd. 7. [LEGISLATIVE BILLS FURNISHED.] The secretary of the senate and the chief clerk of the house shall provide the commission with a copy of each bill introduced in the legislature concerning educational finance."

Page 91, after line 25, insert:

"Sec. 96. The sum of \$40,000 is appropriated from the general fund to the legislative educational finance study commission for the purposes of this act to be available until June 30, 1979."

Amend the title as follows:

Page 1, line 13, after "mobility;" insert "creating a legislative educational finance study commission;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 15 and nays 33, as follows:

Those who voted in the affirmative were:

Ashbach	Brataas	Frederick	Knutson	Sieloff
Bang	Dunn	Jensen	Pillsbury	Ueland, A.
Bernhagen	Engler	Knaak	Renneke	Ulland, J.

Those who voted in the negative were:

Anderson	Hanson	McCutcheon	Perpich	Spear
Benedict	Hughes	Merriam	Peterson	Stokowski
Chenoweth	Johnson	Nelson	Purfeerst	Strand
Coleman	Keefe, S.	Nichols	Schaaf	Stumpf
Davies	Knoll	Olhoft	Schmitz	Tennessen
Dieterich	Lessard	Olson	Setzepfandt	Vega
uosrepung	Luther	Penny		

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

Pursuant to Rule 21, Mr. McCutcheon moved that the following members be excused for a Conference Committee on S. F. No. 65:

Messrs. McCutcheon; Davies; Keefe, J.; Lewis and Sikorski.

The motion prevailed.

Mr. Renneke moved to amend H. F. No. 1885, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to Senate File 1781.)

Page 34, line 17, strike "or" and insert a comma

Page 34, line 17, after "state" insert "or national"

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

Mrs. Knaak moved to amend H. F. No. 1885, as amended by the Senate March 11, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 1781.)

Page 18, line 26, strike "average" and insert "*quotient obtained when the sum*"

Page 18, line 26, after "of" and before "actual" insert "*the numbers of*"

Page 18, line 28, after "year" insert "*and one-half the number of actual pupil units in the district for the third prior year, is divided by three and one-half*"

Page 91, after line 25, insert:

"Sec. 96. [APPROPRIATION; DECLINING ENROLLMENT.] *There is appropriated from the general fund to the department of education the sum of \$7,800,000 for the year ending June 30, 1979. This amount shall be added to the sum appropriated for the year designated in Laws 1977, Chapter 447, Article I, Section 23, Subdivision 2.*"

Renumber the sections in sequence and correct internal references.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 14, and nays 35, as follows:

Those who voted in the affirmative were:

Ashbach	Bernhagen	Knaak	Pillsbury	Ueland, A.
Bang	Frederick	Knutson	Renneke	Ulland, J.
Benedict	Kirchner	Ogdahl	Sieloff	

Those who voted in the negative were:

Anderson	Hanson	Menning	Penny	Stokowski
Borden	Hughes	Merriam	Perpich	Strand
Chmielewski	Johnson	Moe	Purfeerst	Stumpf
Coleman	Keefe, S.	Nelson	Schmitz	Tennessee
Davies	Kleinbaum	Nichols	Setzepfandt	Vega
Dieterich	Knoll	Olhoft	Spear	Wegener
Gearty	Luther	Olson	Staples	Willet

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

H. F. No. 1885 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 58 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

Remaining on the Order of Business of Motions and Resolutions, Mr. Coleman moved to take up the General Orders Calendar. The motion prevailed.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Gearty in the chair.

After some time spent therein, the committee arose, and Mr. Gearty reported that the committee had considered the following:

S. F. No. 1757, H. F. Nos. 2048, 1864, 2020, which the committee recommends to pass.

S. F. Nos. 1740 and 1853 which the committee recommends be returned to their authors.

H. F. No. 2298, which the committee recommends to pass with the following amendment offered by Mr. Merriam:

Amend H. F. No. 2298, 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. 1398.)

Page 1, line 16, strike “, and then only after giving a”

Page 1, strike line 17

Page 1, line 18, strike “pedestrian may be affected by the movement” and strike “and”

H. F. No. 1297, which the committee recommends to pass with the following amendment offered by Mr. Peterson:

Amend H. F. No. 1297, as amended pursuant to Rule 49, adopted by the Senate February 23, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 1212.)

Page 5, after line 31, insert:

"Sec. 9. Minnesota Statutes 1976, Section 100.29, Subdivision 10, is amended to read:

Subd. 10. It shall be unlawful to throw or cast the rays of a spotlight, headlight, or other artificial light on any highway, or in any field, woodland, or forest, for the purpose of spotting, locating or taking any wild animal, except raccoons when treed with the aid of dogs *while on foot*, while having in possession or under control, either singly or as one of a group of persons, any firearm, bow or other implement whereby big game could be killed, unless the firearm is unloaded in both barrels and magazine and completely contained in a gun case expressly made for that purpose which is fully enclosed by being zipped, snapped, buckled, tied, or otherwise fastened with no portion of the firearm exposed, and, as so enclosed, the firearm is contained in the trunk of the car with the trunk door closed and in the case of a bow, unless the same is completely encased or unstrung and, as so encased or unstrung, the bow is contained in the trunk of the car with the trunk door closed; provided, however, that if the vehicle has no trunk, the firearm or bow must be placed in the rearmost location in the vehicle. When artificial lights are used to take raccoon when treed with the aid of dogs *while on foot*, the rifles used to take raccoon shall not be of a larger caliber than .22 rim-fire, and shotguns so used shall only contain shells with shot no larger than No. 4. Artificial lights to take raccoon when treed with the aid of dogs *while on foot* shall be legal."

Page 6, line 13, strike "*and 9*" and insert "*to 10*"

Renumber the sections in sequence

Amend the title as follows:

Line 11, after "subdivision;" insert "100.29, Subdivision 10;"

S. F. No. 1621, which the committee recommends to pass with the following amendment offered by Mr. Anderson:

Page 6, line 1, strike "*This act*" and insert "*Section 1*"

Page 6, line 2, after "*1979*" insert "*and thereafter, and shall terminate for assessments levied in 1983 and payable in 1984*"

H. F. No. 1520, which the committee recommends to pass with the following amendment offered by Mr. Tennesen:

Amend H. F. No. 1520, as amended pursuant to Rule 49, adopted by the Senate February 27, 1978, as follows:

(The text of the amended House File is identical to S. F. No. 1886.)

Page 2, after line 12, insert

"Sec. 2. This act is effective the day following final enactment."

S. F. No. 1923, which the committee recommends to pass with the following amendment offered by Mr. Solon:

Page 2, after line 8, insert:

"Sec. 3. Subdivision 1. The Arrowhead regional development commission, notwithstanding any law to the contrary, may acquire, hold, and transfer real and personal property by purchase, lease, option to purchase, conveyance, gift, transfer or custodial control, or any other lawful means, for the primary purpose of office space for the commission.

Subd. 2. The Arrowhead regional development commission shall pay to each taxing authority within whose taxing jurisdiction its property is situated, in lieu of taxes on its property, a service fee equal to the amounts of the taxes which would be payable if its property were owned by a private person. For this purpose, the property of the commission shall be valued in the same manner and by the same procedure as the property of private persons."

Page 2, line 9, strike *"This act"* and insert *"Sections 1 and 2"*

Page 2, line 11, after the period insert *"Section 3 is effective the day following final enactment."*

Renumber the sections in sequence

Further, strike the title and insert:

"A bill for an act relating to Koochiching, Itasca, Aitkin, Carlton, St. Louis, Lake and Cook counties; regulating the St. Louis county courthouse building commission; granting powers to the Arrowhead regional development commission; requiring payment of a service fee for property of the commission; amending Laws 1971, Chapter 171, Section 1."

H. F. No. 2014, which the committee recommends to pass, subject to the following motion:

Mr. Kirchner moved that the amendment made to H. F. No. 2014 by the Committee on Rules and Administration in the report adopted March 9, 1978, pursuant to Rule 49, be stricken. The motion prevailed.

S. F. No. 1753 which the committee reports progress, subject to the following motion:

Mr. Strand moved to amend S. F. No. 1753 as follows:

Page 1, line 10, strike *"If a workers' "*

Page 1, line 11, strike *"compensation policy is procured"*

Page 1, line 19, reinstate the stricken language and strike the new language

Page 1, line 20, strike *"unless"* and insert *"if"*

Page 1, line 20, after "or" insert "*family farm*"

Page 1, line 21, reinstate the stricken language and strike the new language

Page 1, line 22, strike the new language

Page 1, line 22, strike "in writing"

Page 1, line 22, after "to" insert "come"

Page 2, strike line 1

Page 2, line 2, strike "or child"

Page 2, line 2, after "and" strike "the"

Page 2, line 3, strike "policy so states the election" and insert "*provide the insurance required thereunder*"

Page 2, line 5, after "or" insert "*family farm*"

The motion prevailed. So the amendment was adopted.

S. F. No. 1753 was then progressed.

H. F. No. 1858, which the committee recommends to pass with the following amendment offered by Mr. Strand:

Page 5, line 27, strike "and" and insert "or"

Page 19, line 16, strike "*applied for any*" and insert "*been granted a*"

Page 23, line 7, strike "*applied for any*" and insert "*been granted a*"

Page 31, line 11, strike "*applied for any*" and insert "*been granted a*"

S. F. No. 1 which the committee recommends to pass, subject to the following motions:

Mr. Luther moved to amend S. F. No. 1 as follows:

Strike everything after the enacting clause and insert:

"Section 1. [BEVERAGE CONTAINERS.] *Subdivision 1. As used in this section, the following terms have the meanings specified:*

(a) "*Retailer*" has the meaning given that term in section 297A.01, subdivision 10.

(b) "*Beer*" means and includes intoxicating malt liquor as defined in section 340.401, subdivision 2, and non-intoxicating malt liquor, as defined in section 340.001, subdivision 2.

(c) "*Beverage container*" means an individual, hermetically sealed, glass, metal or plastic bottle, can or jar filled with beer or carbonated soft drinks.

(d) "*Refillable beverage container*": A beverage container is

refillable if it is capable of being refilled at least five times and if the majority of beverage containers of identical size and construction filled with the same brand of beer or carbonated soft drinks are refilled at least five times for retail sale.

(e) "Non-refillable beverage container" means any beverage container other than a refillable beverage container.

Subd. 2. No retailer shall sell or offer for sale and consumption upon the premises of the retailer any beer or carbonated soft drink dispensed from non-refillable containers, except any brand of beer or carbonated soft drinks sold in a non-refillable container, but not sold in a refillable container, in this state prior to March 1, 1978, may be sold or offered for sale in nonrefillable containers until such time as that brand is sold or offered for sale in a refillable container in this state.

Subd. 3. A retailer who sells or offers for sale beer or carbonated soft drinks for off-premises consumption shall devote in the ordinary course of business an amount of display area of beverage in refillable containers substantially equal to or greater than the amount of display area of beverage in non-refillable containers.

Subd. 4. No retailer shall sell or offer for sale beer or carbonated soft drinks in non-refillable containers in less than case lots unless the retailer also sells or offers for sale beer or carbonated soft drinks in refillable containers in less than case lots.

Subd. 5. A retailer who sells or offers for sale beer or carbonated soft drinks for off-premises consumption, either in individual containers or in groups of containers as a packaged unit, shall display prominently on his premises the refund value of the empty beverage container, if any, and the retail price, excluding the refund value, of the filled beverage container.

Subd. 6. No person shall sell or offer for sale beer or carbonated soft drinks in non-refillable containers on any property owned or leased by the university of Minnesota, any community college, any state university, any public post-secondary vocational-technical school, any school district, any town, any statutory city, any home rule charter city, any county, or the state of Minnesota, including its departments, agencies, and other political subdivisions.

Subd. 7. No retailer shall sell or offer for sale within this state any carbonated soft drinks or beer contained or packaged in a rigid or semi-rigid non-refillable container at least 50 percent of which is in whole or in part plastic.

Subd. 8. Any person who violates any provision of this section is guilty of a misdemeanor. Each sale or offering in violation of this section shall be deemed a separate offense.

Sec. 2. [GENERAL PROVISIONS.] Subdivision 1. [STATE PLANNING AGENCY; ADMINISTRATION; RELATED RESEARCH.] The director of the state planning agency shall be responsible for the preparation of the coordinated work program

under subdivision 3 and for research studies and reports undertaken by the agency or by interagency agreement pursuant thereto. The state planning agency may contract with the pollution control agency or other appropriate state agencies for the performance of parts of the studies required under sections 4 and 5. The state planning agency shall summarize laws, programs, and practices in other states relating to solid and hazardous waste and toxic substances. The agency, in cooperation with other units and agencies of government, shall identify available federal funding for research contemplated by sections 2 to 6. The agency shall evaluate the law and government procedures, practices, and responsibilities for planning, locating, reviewing, and regulating solid and hazardous waste disposal and processing facilities and sites and for ensuring public education and involvement in such matters. The agency shall study and recommend means of coordinating federal, state, and local laws and regulations relating to solid and hazardous waste and toxic substances.

Subd. 2. [LEGISLATIVE COMMISSION.] A legislative commission on solid and hazardous waste shall be established pursuant to this subdivision. The legislative commission shall be established by April 15, 1978, and shall go out of existence by June 1, 1979.

The legislative commission shall be composed of five members of the house of representatives appointed by the speaker and five members of the senate appointed by the committee on committees. The chairman of the legislative commission shall be elected by its members. The joint science and technology staff of the legislature shall serve as staff to the legislative commission.

Subd. 3. [WORK PROGRAM.] By May 15, 1978 the state planning agency shall prepare a coordinated work program for projects under sections 4 and 5. The work program shall be prepared after consultation with the responsible agencies, and the joint science and technology staff of the legislature. The work program shall include provisions for review by the legislative commission of work in progress and agency reports.

Sec. 3. [REPORTS; PURPOSE; GENERAL CONTENT.] The responsible agencies shall submit their reports to the state planning agency by January 1, 1979. By March 1, 1979, the state planning agency shall present a report to the legislature. The state planning agency report to the legislature shall include the reports of the state planning agency and the other agencies; a general assessment and evaluation of the research program; and recommendations on the specific needs for further planning and research.

Sec. 4. [NONHAZARDOUS SOLID WASTE RESEARCH PROJECTS.] Subdivision 1. [ENERGY AGENCY.] The state planning agency shall contract with the energy agency to:

(a) Produce recommendations for relating decisions in the metropolitan area on resource recovery facilities to decisions on coal conversion, co-generation, and district heating;

(b) Develop a model or method for relating decisions in the state on resource recovery facilities, the production of energy from sewage sludge and agricultural and timber residues, coal conversion, co-generation, and district heating; determine the availability of data necessary to apply the model in standard metropolitan statistical areas of the state.

(c) Develop criteria to assess the energy implications of components entering the solid waste stream, total energy consumption for resource recovery facilities, and other solid waste management-related systems.

Subd. 2. [POLLUTION CONTROL AGENCY.] The state planning agency shall contract with the pollution control agency to perform research studies directed to:

(a) Develop a profile of solid waste generation and disposal in the state in sufficient detail and reliability at least to identify the boundaries of existing wastesheds of sufficient volume and density to support resource recovery facilities;

(b) Assess the feasibility and effects of alternative methods for solid waste source reduction and for recovering and recycling resources from solid waste, including alternative separation and collection systems, coordinated marketing, satellite facilities and transfer stations, refuse derived fuel, ecofuel, and small resource recovery facilities;

(c) Identify land disposal sites of municipal solid waste which may threaten to contaminate groundwater or surface water.

Subd. 3. [DEVELOPMENT OF A MODEL.] The state planning agency, in cooperation with the pollution control agency, shall cooperate in the development of a model or method for evaluating proposals for resource recovery facilities and alternatives thereto, incorporating at least the following factors: (a) identification and analysis of markets for any products recovered from waste; (b) identification of the waste necessary for economic operation; (c) identification of risks, financial responsibility, and liability; (d) facility location and capacity; (e) alternative technologies; (f) environmental impact; (g) capital and operating costs; (h) financing alternatives and alternative allocations of costs; (i) legal and institutional limitations; (j) effects on collection and disposal practices and costs. The state planning agency shall have primary responsibility for examining clauses c, f, g, h, and i. The pollution control agency shall have primary responsibility for examining clauses a, b, d, e and j.

Subd. 4. [STATE PLANNING AGENCY.] The state planning agency shall:

(a) Produce recommendations on the nature and purposes of any state program of encouragement or assistance to resource recovery facilities;

(b) Produce recommendations for encouraging or requiring agencies of state, local, and regional government to reduce the

amount of solid waste they generate and, wherever markets exist or may be developed, to separate and recover more recyclable waste at the point of generation;

(c) Produce recommendations for encouraging or requiring specific changes in the materials procurement practices and policies of agencies of state, local, and regional government which will serve to (i) ensure consideration of recyclability and (ii) develop and ensure government markets in the state for products made of recovered waste materials;

(d) Produce recommendations for encouraging or requiring markets and the development of markets for recovered materials;

(e) Produce recommendations for methods to reduce the volumes of solid waste generated, by encouraging reuse of products, reductions in material and energy used in products and increases in product lifetimes; and

(f) Examine whether a conflict exists between the goals of source reduction and resource recovery.

Sec. 5. [HAZARDOUS WASTES RESEARCH PROJECTS.]
Subdivision 1. [POLLUTION CONTROL AGENCY.] *The planning agency shall contract with the pollution control agency to perform research studies directed to:*

(a) Assess access to and cost of disposal and treatment processes at hazardous waste facilities located within and outside the state;

(b) Identify alternative methods and processes for reducing the generation of hazardous wastes, for separating and recovering or pretreating categories of hazardous wastes at the point of generation and for separating and recovering, treating, or disposing of categories of hazardous wastes at facilities separated from the point of generation;

(c) Identify hazardous waste land disposal sites which may threaten to contaminate groundwater or surface water;

(d) Produce recommendations for implementing and enforcing the proposed hazardous waste rules, including: (i) guidelines for evaluating the role and performance of state, regional, and local agencies in implementing and enforcing the rules and analyzing data; (ii) education, training, and technical assistance programs for generators of hazardous waste and for regulatory and enforcement officials; (iii) improvements in technical resources and procedures for data analysis;

(e) Summarize available information on the generation, processing, and disposal of hazardous waste and recommend any necessary data gathering devices supplementary to the proposed hazardous waste rules.

Subd. 2. [STATE PLANNING AGENCY.] *The state planning agency shall:*

(a) Assess the effect of existing and proposed federal and state law and regulations affecting the treatment and disposal of hazard-

ous wastes and toxic substances on: (i) the volume and types of hazardous waste and waste sludges generated in the state; and (ii) the control of toxic substances; and

(b) Produce recommendations on methods and institutional arrangements by which this state and surrounding states may develop the capacity to plan for and manage hazardous waste control problems cooperatively and share reciprocally the burdens of treatment and disposal of hazardous waste.

Subd. 3. [COOPERATIVE ASSESSMENT.] The state planning agency, in cooperation with the pollution control agency, shall cooperate in assessing the need for and means of developing hazardous waste treatment, processing, and disposal schemes and capabilities within the state, based on goals relating at least to the following: (a) technical feasibility; (b) alternative technologies; (c) anticipation of future technical developments; (d) capital and operating costs and allocation thereof; (e) availability of similar facilities outside the state; (f) volume and properties of the waste; (g) reclamation and reuse of materials and energy in the waste; (h) environmental impact; (i) siting and land use; (j) public education and participation; (k) operation and ownership; (l) liability and long-term care; and (m) transportation costs and safety. The state planning agency shall have primary responsibility for assessing clauses d, g, h, i, j, k, l and m. The pollution control agency shall have primary responsibility for assessing clauses a, b, c, e, and f.

Sec. 6. [HAZARDOUS WASTE FACILITY.] Site selection, design, acquisition, and construction for any hazardous waste facility by the metropolitan waste control commission under the authority of section 473.516 or under a federal environmental protection agency demonstration grant to the pollution control agency shall not proceed further except after completion of the reports on hazardous wastes required by this act, and after reevaluation of site selection criteria and associated environmental and design studies in light of the report required by section 3 of this act.

Sec. 7. Minnesota Statutes 1976, Section 116F.06, Subdivision 3, is amended to read:

Subd. 3. The agency shall adopt and may amend or rescind ~~guidelines~~ rules identifying the types of new or revised containers and packaging that are subject to its review after notice and hearing as provided in section 15.0412, subdivision 4. Any person may submit to the agency a sample of a package or container for agency review. The agency shall review the sample, and may require the person to furnish such additional samples and information as may be necessary for it to determine the environmental or solid waste disposal problems that the container or packaging would cause. Except as may be necessary in connection with any public hearing, the agency shall keep the samples and information confidential if the person submitting them certifies that disclosure of said samples and information would affect the competitive position of the person. If the agency fails to issue an

order prohibiting sale of a package or container within 120 days after the sample was submitted, the agency shall not prohibit it thereafter. The agency may, however, for good cause, order the 120 day period to be extended for an additional period not to exceed 30 days.

Sec. 8. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the state planning agency the sum of \$375,000 for expenditure pursuant to sections 2 to 5. Of this amount, \$50,000 shall be available to the energy agency; \$100,000 shall be available to the pollution control agency; and \$200,000 shall be available to the state planning agency for general administration and research or research contracts.*

Subd. 2. There is appropriated from the general fund to the legislative coordinating commission the sum of \$25,000 for expenditure by the joint science and technology project for staff and consultant services necessary to advise the legislative commission and the agencies.

Subd. 3. The appropriations in this section shall be available until June 30, 1979. The complements of the following agencies are increased by the number of positions listed below. The positions are in the unclassified service and their continuation is contingent upon the availability of money from this appropriation.

state planning—4

pollution control—4

energy—2

Sec. 9. [EFFECTIVE DATE.] *Section 1 of this act is effective August 1, 1978. Sections 2 to 8 are effective the day following final enactment."*

Further, delete the title and insert:

"A bill for an act relating to solid and hazardous wastes and toxic substances; prohibiting certain retail practices; providing for technology assessments and related research directed to certain goals; requiring studies and reports by the state planning agency, the pollution control agency, and the energy agency; establishing a temporary legislative commission on solid and hazardous waste; providing penalties; appropriating money; amending Minnesota Statutes 1976, Section 116F.06, Subdivision 3."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 32, as follows:

Those who voted in the affirmative were:

Benedict	Dunn	Lewis	Olhoft	Stokowski
Bernhagen	Hughes	Luther	Perpich	Strand
Chmielewski	Johnson	Menning	Schaaf	Tennessen
Coleman	Keefe, S.	Merriam	Sieloff	Ulland, J.
Davies	Knoll	Nelson	Spear	Willet
Dieterich				

Those who voted in the negative were:

Ashbach	Gearty	Laufenburger	Pillsbury	Solon
Bang	Gunderson	Lessard	Purfeerst	Staples
Borden	Hanson	Ogdahl	Renneke	Stumpf
Brataas	Kirchner	Olson	Schmitz	Ueland, A.
Chenoweth	Kleinbaum	Penny	Schrom	Vega
Engler	Knaak	Peterson	Setzepfandt	Wegener
Frederick	Knutson			

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

Mr. Borden moved to amend S. F. No. 1 as follows:

Page 2, strike lines 4 to 11 and insert

"(c) "Beverage container" means an individual, hermetically sealed, glass, metal or plastic bottle, can or jar filled with beer or carbonated soft drinks.

(d) "Refillable beverage container": A beverage container is refillable if it is capable of being refilled at least five times and if the majority of beverage containers of identical size and construction filled with the same brand of beer or carbonated soft drinks are refilled at least five times for retail sale.

(e) "Non-refillable beverage container" means any beverage container other than a refillable beverage container."

Page 2, line 17, strike *" , which"* and insert *"for any retailer with annual gross sales of less than \$300,000 and \$300 for any retailer with annual gross sales of more than \$300,000. The"*

Page 2, line 20, after the period insert *"The commissioner of revenue shall adopt rules pursuant to chapter 15 to administer and collect the license fee required by this subdivision."*

Strike sections 2 and 3

Page 4, line 26, strike *"4"* and insert *"2"* and strike *"15"* and insert *"10"*

Page 5, line 18, after *"motorcycles"* insert *"as defined in section 169.01"*

Page 7, lines 1 and 3, strike *"5"* and insert *"3"*

Page 7, lines 16, 18 and 19, strike *"4"* and insert *"2"* and strike *"9"* and insert *"5"*

Page 7, line 22, strike *"4"* and insert *"2"*

Page 7, line 23, strike *"9"* and insert *"5"*

Page 7, line 28, strike *"4"* and insert *"2"* and strike *"9"* and insert *"5"*

Page 7, line 32, strike *"4"* and insert *"2"*

Page 8, lines 12, 18 and 21, strike *"4"* and insert *"2"* and strike *"15"* and insert *"10"*

Strike Section 16

Page 11, after line 22, insert

"Sec. 12. [GENERAL PROVISIONS.] Subdivision 1. [STATE PLANNING AGENCY; ADMINISTRATION; RELATED RESEARCH.] *The director of the state planning agency shall be responsible for the preparation of the coordinated work program under subdivision 3 and for research studies and reports undertaken by the agency or by interagency agreement pursuant thereto. The state planning agency may contract with the pollution control agency or other appropriate state agencies for the performance of parts of the studies required under sections 17 and 18. The state planning agency shall summarize laws, programs, and practices in other states relating to solid and hazardous waste and toxic substances. The agency, in cooperation with other units and agencies of government, shall identify available federal funding for research contemplated by sections 15 to 19. The agency shall evaluate the law and government procedures, practices, and responsibilities for planning, locating, reviewing, and regulating solid and hazardous waste disposal and processing facilities and sites and for ensuring public education and involvement in such matters. The agency shall study and recommend means of coordinating federal, state, and local laws and regulations relating to solid and hazardous waste and toxic substances.*

Subd. 2. [LEGISLATIVE COMMISSION.] *A legislative commission on solid and hazardous waste shall be established pursuant to this subdivision. The legislative commission shall be established by April 15, 1978, and shall go out of existence by June 1, 1979.*

The legislative commission shall be composed of five members of the house of representatives appointed by the speaker and five members of the senate appointed by the committee on committees. The chairman of the legislative commission shall be elected by its members. The joint science and technology staff of the legislature shall serve as staff to the legislative commission.

Subd. 3. [WORK PROGRAM.] *By May 15, 1978 the state planning agency shall prepare a coordinated work program for projects under sections 17 and 18. The work program shall be prepared after consultation with the responsible agencies, and the joint science and technology staff of the legislature. The work program shall include provisions for review by the legislative commission of work in progress and agency reports.*

Sec. 13. [REPORTS; PURPOSE; GENERAL CONTENT.] *The responsible agencies shall submit their reports to the state planning agency by January 1, 1979. By March 1, 1979, the state planning agency shall present a report to the legislature. The state planning agency report to the legislature shall include the reports of the state planning agency and the other agencies; a general assessment and evaluation of the research program; and recommendations on the specific needs for further planning and research.*

Sec. 14. [NONHAZARDOUS SOLID WASTE RESEARCH PROJECTS.] Subdivision 1. [ENERGY AGENCY.] *The state planning agency shall contract with the energy agency to:*

(a) Produce recommendations for relating decisions in the metropolitan area on resource recovery facilities to decisions on coal conversion, co-generation, and district heating;

(b) Develop a model or method for relating decisions in the state on resource recovery facilities, the production of energy from sewage sludge and agricultural and timber residues, coal conversion, co-generation, and district heating; determine the availability of data necessary to apply the model in standard metropolitan statistical areas of the state.

(c) Develop criteria to assess the energy implications of components entering the solid waste stream, total energy consumption for resource recovery facilities, and other solid waste management-related systems.

Subd. 2. [POLLUTION CONTROL AGENCY.] *The state planning agency shall contract with the pollution control agency to perform research studies directed to:*

(a) Develop a profile of solid waste generation and disposal in the state in sufficient detail and reliability at least to identify the boundaries of existing wastesheds of sufficient volume and density to support resource recovery facilities;

(b) Assess the feasibility and effects of alternative methods for solid waste source reduction and for recovering and recycling resources from solid waste, including alternative separation and collection systems, coordinated marketing, satellite facilities and transfer stations, refuse derived fuel, ecofuel, and small resource recovery facilities;

(c) Identify land disposal sites of municipal solid waste which may threaten to contaminate groundwater or surface water.

Subd. 3. [DEVELOPMENT OF A MODEL.] *The state planning agency, in cooperation with the pollution control agency, shall cooperate in the development of a model or method for evaluating proposals for resource recovery facilities and alternatives thereto, incorporating at least the following factors (a) identification and analysis of markets for any products recovered from waste; (b) identification of the waste necessary for economic operation; (c) identification of risks, financial responsibility, and liability; (d) facility location and capacity; (e) alternative technologies; (f) environmental impact; (g) capital and operating costs; (h) financing alternatives and alternative allocations of costs; (i) legal and institutional limitations; (j) effects on collection and disposal practices and costs. The state planning agency shall have primary responsibility for examining clauses c, f, g, h, and i. The pollution control agency shall have primary responsibility for examining clauses a, b, d, e and j.*

Subd. 4. [STATE PLANNING AGENCY.] *The state planning agency shall:*

(a) Produce recommendations on the nature and purposes of any state program of encouragement or assistance to resource recovery facilities;

(b) Produce recommendations for encouraging or requiring agencies of state, local, and regional government to reduce the amount of solid waste they generate and, wherever markets exist or may be developed, to separate and recover more recyclable waste at the point of generation;

(c) Produce recommendations for encouraging or requiring specific changes in the materials procurement practices and policies of agencies of state, local, and regional government which will serve to (i) ensure consideration of recyclability and (ii) develop and ensure government markets in the state for products made of recovered waste materials;

(d) Produce recommendations for encouraging or requiring markets and the development of markets for recovered materials;

(e) Produce recommendations for methods to reduce the volumes of solid waste generated, by encouraging reuse of products, reductions in material and energy used in products and increases in product lifetimes; and

(f) Examine whether a conflict exists between the goals of source reduction and resource recovery.

Sec. 15. [HAZARDOUS WASTES RESEARCH PROJECTS.]
Subdivision 1. [POLLUTION CONTROL AGENCY.] The planning agency shall contract with the pollution control agency to perform research studies directed to:

(a) Assess access to and cost of disposal and treatment processes at hazardous waste facilities located within and outside the state;

(b) Identify alternative methods and processes for reducing the generation of hazardous wastes, for separating and recovering or pretreating categories of hazardous wastes at the point of generation and for separating and recovering, treating, or disposing of categories of hazardous wastes at facilities separated from the point of generation;

(c) Identify hazardous waste land disposal sites which may threaten to contaminate groundwater or surface water;

(d) Produce recommendations for implementing and enforcing the proposed hazardous waste rules, including: (i) guidelines for evaluating the role and performance of state, regional, and local agencies in implementing and enforcing the rules and analyzing data; (ii) education, training, and technical assistance programs for generators of hazardous waste and for regulatory and enforcement officials; (iii) improvements in technical resources and procedures for data analysis;

(e) Summarize available information on the generation, processing, and disposal of hazardous waste and recommend any nec-

essary data gathering devices supplementary to the proposed hazardous waste rules.

Subd. 2. [STATE PLANNING AGENCY.] The state planning agency shall:

(a) Assess the effect of existing and proposed federal and state law and regulations affecting the treatment and disposal of hazardous wastes and toxic substances on: (i) the volume and types of hazardous waste and waste sludges generated in the state; and (ii) the control of toxic substances; and

(b) Produce recommendations on methods and institutional arrangements by which this state and surrounding states may develop the capacity to plan for and manage hazardous waste control problems cooperatively and share reciprocally the burdens of treatment and disposal of hazardous waste.

Subd. 3. [COOPERATIVE ASSESSMENT.] The state planning agency, in cooperation with the pollution control agency, shall cooperate in assessing the need for and means of developing hazardous waste treatment, processing, and disposal schemes and capabilities within the state, based on goals relating at least to the following: (a) technical feasibility; (b) alternative technologies; (c) anticipation of future technical developments; (d) capital and operating costs and allocation thereof; (e) availability of similar facilities outside the state; (f) volume and properties of the waste; (g) reclamation and reuse of materials and energy in the waste; (h) environmental impact; (i) siting and land use; (j) public education and participation; (k) operation and ownership; (l) liability and long-term care; and (m) transportation costs and safety. The state planning agency shall have primary responsibility for assessing clauses d, g, h, i, j, k, l and m. The pollution control agency shall have primary responsibility for assessing clauses a, b, c, e, and f.

Sec. 16. [HAZARDOUS WASTE FACILITY.] The acquisition of land for and construction of any hazardous waste facility by the metropolitan waste control commission under the authority of section 473.516 or under a federal environmental protection agency demonstration grant to the pollution control agency shall not be commenced prior to completion of the legislative report of the state planning agency required by section 16 of this act. Analysis of a proposed site or sites and associated environmental and design studies may proceed; provided, however, that any such analysis and study undertaken before the completion of the legislative report by the state planning agency required by this act shall be reevaluated in light of that report."

Strike Sections 21 to 25 and 27

Page 16, line 1, strike "4" and insert "2" and strike "15" and insert "10"

Strike Sections 29 to 35

Page 19, line 26, strike "13" and insert "18"

Page 19, line 27, strike "\$350,000" and insert "\$300,000"

Page 19, strike lines 31 and 32

Page 20, strike lines 1 to 8

Page 20, line 9, strike "3" and insert "2"

Page 20, line 10, strike "\$15,000" and insert "\$10,000"

Page 20, line 11, strike "the litter license fee"

Page 20, line 12, strike "imposed by section 16 and"

Page 20, after line 13, insert

"Subd. 3. There is appropriated from the general fund to the state planning agency the sum of \$375,000 for expenditure pursuant to sections 15 to 18. Of this amount, \$50,000 shall be available to the energy agency; \$100,000 shall be available to the pollution control agency; and \$200,000 shall be available to the state planning agency for general administration and research or research contracts.

Subd. 4. There is appropriated from the general fund to the legislative coordinating commission the sum of \$25,000 for expenditure by the joint science and technology project for staff and consultant services necessary to advise the legislative commission and the agencies.

Subd. 5. The appropriations in this section shall be available until June 30, 1979. The complements of the following agencies are increased by the number of positions listed below. The positions are in the unclassified service and their continuation is contingent upon the availability of money from the appropriation.

state planning - 4

pollution control - 4

energy - 2"

Page 20, line 15, strike "; and Laws 1977,"

Page 20, line 16, strike "Chapter 455, Section 96,"

Page 20, line 17, strike "Section 17" and insert "Sections 9 to 18" and strike "is" and insert "are"

Page 20, line 19, strike "18" and insert "17" , and strike "38" and insert "24"

Renumber the sections in sequence

Amend the title as follows:

Line 2, after "solid" insert "and hazardous" and strike "pollution" and insert "and toxic substances"

Strike lines 5 to 7 and 12

Line 13, strike "manufacturers and importers;" and insert "providing for technology assessments and related research

directed to certain goals; requiring studies and reports by the state planning agency, the pollution control agency, and the energy agency; establishing a temporary legislative commission on solid and hazardous waste; delaying temporarily the acquisition of land for and construction of a hazardous waste facility in the metropolitan area;"

Strike lines 19 and 20

Line 21, strike "116F.05, Subdivision 2;"

Line 22, strike "462.384, by adding"

Strike line 23

Line 25, strike "116F.22, Subdivision 1;"

Line 27, strike "; and Laws 1977, Chapter 455,"

Line 28, strike "Section 96"

The motion prevailed. So the amendment was adopted.

Mr. Tennesen moved to amend S. F. No. 1 as follows:

Page 7, line 2, strike everything after the period

Page 7, strike lines 3 to 9

The motion prevailed. So the amendment was adopted.

Mr. Dunn moved to amend the Borden amendment to S. F. No. 1 as follows:

Page 9, line 7 of the Borden amendment, strike "and 27"

Amend the title amendment as follows:

Page 11, strike line 4

The question was taken on the adoption of the amendment to the Borden amendment.

The roll was called, and there were yeas 32 and nays 24, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Laufenburger	Pillsbury	Solon
Bang	Gearty	Lessard	Purfeerst	Strand
Bernhagen	Gunderson	Menning	Renneke	Ueland, A.
Brataas	Jensen	Nelson	Schmitz	Wegener
Davies	Kirchner	Ogdahl	Schrom	
Dunn	Knaak	Olson	Setzepfandt	
Engler	Knutson	Peterson	Sieloff	

Those who voted in the negative were:

Benedict	Hughes	Lewis	Schaaf	Tennesen
Borden	Johnson	Luther	Spear	Ulland, J.
Chenoweth	Keefe, S.	Merriam	Staples	Vega
Coleman	Kleinbaum	Olhoff	Stokowski	Willet
Dieterich	Knoll	Perpich	Stumpf	

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

Mr. Merriam moved to amend S. F. No. 1 as follows:

Page 6, strike section 6

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Line 10, strike "bags and"

Line 11, strike "vehicles and"

The motion prevailed. So the amendment was adopted.

Mr. Merriam then moved to amend S. F. No. 1 as follows:

Page 6, strike section 7

Page 6, line 32, strike "Subdivision 1."

Page 7, strike lines 10 to 14

Pages 7 and 8, strike section 12

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Line 10, strike "requiring litter"

Line 11, strike "receptacles in public places;"

The motion prevailed. So the amendment was adopted.

Mr. Olhoft moved to amend S. F. No. 1 as follows:

Page 2, strike lines 21 to 29 and insert:

"Subd. 3. A retailer who sells or offers for sale beer or carbonated soft drinks for off-premises consumption shall devote in the ordinary course of business an amount of display area of beverage in refillable containers substantially equal to or greater than the amount of display area of beverage in non-refillable containers."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 13 and nays 40, as follows:

Those who voted in the affirmative were:

Benedict
Dieterich
Dunn

Keefe, S.
Luther
Merriam

Olhoft
Perpich
Schaaf

Spear
Strand

Ulland, J.
Willet

Those who voted in the negative were:

Bang	Gearty	Knutson	Penny	Sieloff
Bernhagen	Gunderson	Laufenburger	Peterson	Staples
Borden	Hughes	Lessard	Pillsbury	Stokowski
Brataas	Jensen	Lewis	Purfeerst	Stumpf
Chenoweth	Johnson	Menning	Renneke	Tennessee
Coleman	Kirchner	Nelson	Schmitz	Ueland, A.
Davies	Kleinbaum	Ogdahl	Schrom	Vega
Frederick	Knoll	Olson	Setzepfandt	Wegener

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

The question was taken on the recommendation to pass S. F. No. 1.

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

Those who voted in the affirmative were:

Ashbach	Engler	Knutson	Penny	Solon
Bang	Gearty	Laufenburger	Perpich	Staples
Benedict	Gunderson	Lessard	Peterson	Stokowski
Bernhagen	Hughes	Lewis	Purfeerst	Stumpf
Borden	Johnson	Luther	Renneke	Tennessee
Brataas	Keefe, S.	Menning	Schaaf	Ueland, A.
Chenoweth	Kirchner	Merriam	Schmitz	Ulland, J.
Coleman	Kleinbaum	Nelson	Schrom	Vega
Davies	Knaak	Ogdahl	Setzepfandt	Wegener
Dunn	Knoll	Olson	Sieloff	

Those who voted in the negative were:

Dieterich	Jensen	Pillsbury	Spear	Strand
Frederick	Olhoff			

The motion prevailed. So S. F. No. 1 was recommended to pass.

On motion of Mr. Coleman, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned:

S. F. Nos. 1116 and 1194.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned March 11, 1978

Mr. President:

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

following House Files, herewith transmitted: H. F. Nos. 1575, 2196, 2197, 2377, 1915, 46, 2254, 2299, 1317, 1823, 2273 and 1246.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 11, 1978

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1885:

H. F. No. 1885: A bill for an act relating to education; providing for aids to education, tax levies, and the distribution of tax revenues; granting certain powers and duties to teachers, school boards, school districts, county auditors, the commissioner of education, the commissioner of finance, and the state board of education; creating a legislative school finance study commission; revising the provisions governing effective date, levy limitations, and employee relations, in case of school district reorganization; allowing the experimental pairing of certain districts; limiting the liability of school bus contractors; increasing foundation aid, special education aid, capital expenditure aid and the capital expenditure levy limitation; providing a funding method for programs of secondary vocational education for handicapped children; increasing the reinstatement period for teachers on unrequested leave of absence; providing state funding for the employer's share of retirement contributions for teachers on extended leaves of absence; prohibiting wage reopening clauses in teachers' contracts; authorizing certain expenditures; transferring certain appropriated funds; appropriating money; amending Minnesota Statutes 1976, Sections 6.62, Subdivision 1; 121.904, Subdivision 7, and by adding a subdivision; 122.22, Subdivision 9, and by adding a subdivision; 122.23, Subdivisions 13, 15, and 18; 122.46, Subdivision 2; 123.37, Subdivision 1b; 124.17, Subdivision 3; 124.20; 124.212, by adding subdivisions; 124.74; 124.76; 125.12, Subdivisions 6a and 6b; 126.12; 127.29, Subdivision 1; 128A.02, by adding subdivisions; 134.03; 179.70, Subdivision 1; 275.125, Subdivisions 15, 16 and 18; 475.60, Subdivision 2; Chapter 122, by adding sections; Chapter 124, by adding a section; Minnesota Statutes, 1977 Supplement, Sections 121.912, Subdivision 1; 122.85, Subdivision 1; 124.17, Subdivisions 1 and 2; 124.19, Subdivision 1; 124.212, Subdivisions 5a, 7b and 8a; 124.213, Subdivisions 1 and 2; 124.222, Subdivision 6; 124.245, Subdivisions 1 and 2, and by adding a subdivision; 124.32, Subdivisions 1, 1a, 1b, 5, and by adding a subdivision; 124.38, Subdivision 7; 124.562, Subdivision 1; 124.572, Subdivision 2; 124.573, Subdivision 2; 125.60, Subdivisions 2 and 3, and by adding a subdivision; 125.61, Subdivisions 1, 2, 3, 4, 6, and by adding a subdivision; 176.011, Subdivision 9; 275.07; 275.124; 275.125, Subdivisions 9, and 11a; 354.094, Subdivisions 1 and 4; 354.66, Subdivisions 1 and 9; 354A.091, Subdivisions 1 and 4; and 354A.22, Subdivisions 1 and 9; repealing Minnesota Statutes 1976, Sections 120.07; 122.53; 124.02; Minnesota Statutes, 1977 Supplement, Sections 125.61,

Subdivision 5; 128A.06; and Laws 1977, Chapter 447, Article IX, Section 8.

And the House respectfully requests that a Conference Committee of five members be appointed thereon.

Eken, Johnson, Berg, McEachern and Knickerbocker have been appointed as such committee on the part of the House.

House File No. 1885 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted March 11, 1978

Mr. Merriam moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1885, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

FIRST READING OF HOUSE BILLS

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

H. F. No. 1575: A bill for an act relating to agriculture; grain inspection; weighing, sampling and analysis; appropriating money; amending Minnesota Statutes 1976, Sections 17B.03, Subdivision 1; 17B.04, Subdivision 1; and 17B.13.

Referred to the Committee on Finance.

H. F. No. 2196: A bill for an act relating to claims against the state; appropriating money for the payment thereof.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 2105 now on General Orders.

H. F. No. 2197: A bill for an act relating to the organization and operation of state government; the payment of claims against the state and its employees; amending Minnesota Statutes 1976, Sections 3.732, Subdivision 1; and 3.736, Subdivision 9, and by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 1954 now on General Orders.

H. F. No. 2377: A bill for an act relating to the town of White, St. Louis county; authorizing the board of supervisors to set the compensation of the town assessor; amending Laws 1973, Chapter 530, Section 1; repealing Laws 1959, Chapter 314, Section 1.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 2251 now on General Orders.

H. F. No. 1915: 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; 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; eliminating inheritance tax receipts; repealing the deduction for alimony; altering the method of computing metropolitan council tax levies; amending Minnesota Statutes 1976, Sections 270.12, Subdivision 3; 290.09, Subdivision 22; 290.37, Subdivision 3; 290.39, Subdivision 2, and by adding a subdivision; 290.92, by adding a subdivision; 290A.04, Subdivision 1; 291.05; 292.07, Subdivisions 3 and 5; 292.125; 340.47, Subdivision 1; 473.249, Subdivisions 1 and 2; and Minnesota Statutes, 1977 Supplement, Sections 290.09, Subdivision 29; 290.21, Subdivision 3; 290A.04, Subdivision 2b; 340.47, Subdivision 1a; repealing Minnesota Statutes 1976, Section 291.13, Subdivision 2; and Minnesota Statutes, 1977 Supplement, Section 290.09, Subdivision 14.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 1930 now on General Orders.

H. F. No. 46: A bill for an act relating to taxation; property tax; exempting certain energy systems; amending Minnesota Statutes 1976, Section 273.11, Subdivision 1, and by adding a subdivision.

Referred to the Committee on Energy and Housing.

H. F. No. 2254: A bill for an act relating to motor vehicles; providing for handicapped license plates on passenger vehicles; establishing motorized bicycle operator permit fees; prohibiting operation of motor vehicles during periods of license cancellation, suspension or revocation; removing certain restrictions relating to issuance of a limited license; amending Minnesota Statutes 1976, Sections 171.20, Subdivision 2; 171.24; and 171.30, Subdivision 1; and Minnesota Statutes, 1977 Supplement, Sections 168.-021, Subdivision 1; and 171.02, Subdivision 3.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 1777 now on General Orders.

H. F. No. 2299: A bill for an act relating to highways; county state-aid highway system; allocation of apportionments; authorizing money credited to the municipal account to be used on

certain county state-aid highways; amending Minnesota Statutes 1976, Section 162.08, Subdivision 4.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 2117 now on General Orders.

H. F. No. 1317: A bill for an act relating to public welfare; neglected children; defining and providing procedures for termination of parental rights as to neglected children in foster care; amending Minnesota Statutes 1976, Sections 259.29; 260.015, Subdivision 10; 260.181, Subdivision 3; and 260.221.

Referred to the Committee on Judiciary.

H. F. No. 1823: A bill for an act relating to public health; requiring certain immunizations for students; amending Minnesota Statutes 1976, Section 123.70.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 1733 now on General Orders.

H. F. No. 2273: A bill for an act relating to veterans; commissioner of veterans affairs; providing for appeals from and enforcement of his decisions; amending Minnesota Statutes 1976, Section 197.481, Subdivision 6, and by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison to S. F. No. 2047 now on General Orders.

H. F. No. 1246: A bill for an act relating to charitable trusts; regulating the solicitation of charitable funds; clarifying and revising registration, filing and reporting requirements; coordinating charitable solicitations with general trust provisions; defining terms; amending Minnesota Statutes 1976, Sections 309.50, Subdivisions 3, 4, and 10, and by adding subdivisions; 309.515, Subdivision 1; 309.52, Subdivisions 1a, 4, and 5; 309.53, Subdivisions 1, 1a, 3, and 4; 309.555; 309.56, Subdivision 1; 501.72; 501.74; 501.75; 501.76; 501.77; 501.78, Subdivisions 1, 2 and 4; 501.79, Subdivisions 2 and 5; and 501.81; and Chapters 309, by adding sections; and 525, by adding a section; repealing Minnesota Statutes 1976, Sections 309.52, Subdivision 6; and 501.79, Subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1464.

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk with the exception of the report on H. F. No. 2348, be now adopted. The motion prevailed.

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

H. F. No. 1910: A bill for an act relating to Itasca county; authorizing the exchange of certain riparian tax forfeited land for certain privately owned non-riparian land.

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

H. F. No. 2348: A bill for an act relating to highways; allowing private landowners to install drainage tiles in highway right-of-way; amending Minnesota Statutes 1976, Section 160.20, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Mr. Willet questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

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

H. F. No. 1403: A bill for an act relating to retirement; providing for service pensions of the Spring Lake Park firefighter's relief association.

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

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

H. F. No. 2219: A bill for an act relating to the city of Eagan; volunteer firefighter's service pensions; amending Laws 1975, Chapter 43, Section 1.

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

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

H. F. No. 2332: A bill for an act relating to retirement; local police, salaried firefighters and volunteer firefighters relief associations; specifying allowable administrative expenses; amending Minnesota Statutes 1976, Sections 69.40; 423.32; 423.38; 423.51; 423.808; 424.16; and 424.31; and Laws 1974, Chapter 382, Section 4, Subdivision 3.

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

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

H. F. No. 1767: A bill for an act relating to the city of Anoka;

fire department relief association benefits; amending Laws 1971, Chapter 184, Section 1, Subdivisions 2, 3, 4, 5 and 6, as amended; and Section 2, Subdivision 2, as amended.

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

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

H. F. No. 1663: A bill for an act relating to retirement; authorizing a combined service annuity and the purchase of prior service credit for certain university employees.

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

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

H. F. No. 2155: A bill for an act relating to retirement; validating certain administrative expenses from the special fund of the Austin firefighter's relief association.

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

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

H. F. No. 1900: A bill for an act relating to the city of Mound; firefighters' service pensions; amending Laws 1973, Chapter 175, Section 1, as amended.

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

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

H. F. No. 2330: A bill for an act relating to retirement; consolidation of the police relief association of the city of Thief River Falls into the public employees police and fire fund.

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

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

H. F. No. 1866: A bill for an act relating to the firefighters' relief association of the city of Karlstad; computation of years of service for volunteer firefighters.

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

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

H. F. No. 1781: A bill for an act relating to the city of Maplewood; authorizing the payment of lump sum service pensions by the Maplewood firefighters relief association.

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

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

H. F. No. 2278: A bill for an act relating to the city of Brooklyn Center; firefighter's relief association; amending Laws 1967, Chapter 815, Sections 1; 2; 3; 4; 5; 7; and 8, Subdivision 1.

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

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

H. F. No. 2279: A bill for an act relating to the city of Brooklyn Center; police membership in public employees police and fire fund; repealing Laws 1967, Chapter 736.

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

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

H. F. No. 2228: A bill for an act relating to retirement; authorizing an annuity for the surviving spouse of a certain deceased former member of the public employees retirement association.

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

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

H. F. No. 2224: A bill for an act relating to the city of Nashua; police relief pensions and widows benefits; officers of association; amending Laws 1943, Chapter 196, Section 4, as amended; and 8.

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

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

H. F. No. 2282: A bill for an act relating to the city of Plymouth; firefighter's relief association benefits.

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

Mr. Wegener from the Committee on Local Government, to which was referred

H. F. No. 2049: A bill for an act relating to local units of government; removing certain restrictions on contracts affecting the financial interests of public officers; amending Minnesota Statutes 1976, Section 471.89, Subdivisions 2 and 3; and Minnesota Statutes, 1977 Supplement, Section 471.88, Subdivision 5.

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

Mr. Wegener from the Committee on Local Government, to which was referred

H. F. No. 933: A bill for an act relating to Ramsey county; amending the Ramsey county code by rearranging certain provisions therein relating to welfare and by deleting obsolete provisions therein relating to welfare; amending Laws 1974, Chapter 435, Sections 1.0204 and 3.13.

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

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

H. F. No. 2025: A bill for an act relating to the city of Chisholm; police and firemen's relief associations; reversion of funds and bond of treasurer.

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

H. F. No. 2111: A bill for an act relating to aeronautics; providing for reimbursement for services; changing the permitted number of certain types of airports; permitting municipalities flexibility in airport acquisition; amending Minnesota Statutes 1976, Sections 360.015, Subdivision 7; 360.032, by adding a subdivision; and 360.305, Subdivision 3.

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

Page 2, line 11, strike "*acquiring or*"

Page 2, line 13, strike "*from*" and insert "*which are located at*"

Amend the title as follows:

Page 1, line 5, strike "*flexibility in airport acquisition*" and insert "*to assist the relocation of airport facilities*"

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

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

H. F. No. 2080: A bill for an act relating to juveniles; providing procedures regulating the detention of certain juveniles; amending Minnesota Statutes 1976, Section 260.185, Subdivision 1.

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

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

H. F. No. 1822: A bill for an act relating to eminent domain; requiring that prepayment penalties be treated as a separate item of damages; amending Minnesota Statutes 1976, Chapter 117, by adding a section.

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

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

H. F. No. 1598: A bill for an act relating to uses and trusts; providing for the application to and limitation of certain general trust statutes in relation to industrial revenue bonds; amending Minnesota Statutes 1976, Section 501.37; and Minnesota Statutes, 1977 Supplement, Section 501.34.

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

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

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

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

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

H. F. No. 1884: A bill for an act relating to highway traffic regulations; prohibiting passing a school bus when it is stopped and is displaying stop signals; providing penalties; amending Minnesota Statutes 1976, Section 169.44, Subdivision 1.

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

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

H. F. No. 1973: A bill for an act relating to juveniles; providing procedures regulating the detention of juveniles; amending Minnesota Statutes 1976, Section 260.173; and Minnesota Statutes, 1977 Supplement, Section 260.171, Subdivision 2.

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

H. F. No. 2192: A bill for an act relating to transportation; establishing a rail user loan guarantee program; creating a rail user loan guarantee account; prescribing powers and duties of the commissioner of transportation; appropriating money; amending Minnesota Statutes 1976, Sections 362A.01, Subdivision 2; and 474.02, Subdivision 2.

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

Page 2, line 7, strike "and" and insert "or"

Page 2, line 20, after "and" insert a comma

Page 2, line 24, strike "To be" and insert "A loan is"

Page 2, line 25, after "section" insert "under the following conditions"

Page 2, line 26, strike "A" and insert "The"

Page 3, line 14, before "Within" insert "Except as provided in subdivision 5, the provisions of this subdivision shall apply upon default."

Page 3, line 25, strike ", and the"

Page 3, strike line 26

Page 3, line 27, strike "insurance" and insert a period

Page 3, line 31, before the period insert ", the commissioner shall pay to the lender an amount equal to the outstanding unpaid principal indebtedness at the time of default less ten percent, plus interest at six percent per annum from the date of default"

Page 4, line 3, strike "proceeds of the"

Page 4, line 3, strike "were supplied" and insert "money is obtained"

Page 4, line 4, strike "lender's" and insert "lender through the"

Page 4, line 4, after "chapter" insert "362A or chapter"

Page 4, line 5, strike "following procedures upon default" and insert "provisions of this subdivision"

Page 4, line 5, strike the colon and insert "upon default."

Page 4, line 13, strike "Upon" and insert "Within ten days of the"

Page 4, line 17, strike "within ten days"

Page 4, lines 22 to 27, strike subdivision 6

Page 4, line 28, strike "7" and insert "6"

Page 4, line 32, strike "Moneys" and insert "Money"

Page 5, line 20, strike "EMERGENCY" and insert "TEMPORARY"

Page 6, after line 4, insert

"Sec. 9. Minnesota Statutes 1976, Section 222.50 is amended by adding a subdivision to read:

Subd. 6. The commissioner may use funds appropriated to the rail service improvement account for payment of the local share of the cost of any rail line project under the rail service continuation program established by the Railroad Revitalization and Regulatory Reform Act of 1976, Public Law 94-210, Section 803, provided that the amount shall not exceed an amount equal to the taxes accrued to the project rail line during the year preceding the initiation of the project."

Page 8, line 1, strike "APPROPRIATIONS" and insert "APPROPRIATION"

Page 8, line 5, strike "section 4" and insert "sections 1 to 8"

Page 8, line 6, strike "section 4" and insert "sections 1 to 8"

Renumber the sections in sequence.

Amend the title as follows:

Page 1, line 7, after "Sections" insert "222.50, by adding a subdivision;"

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

H. F. No. 2190: A bill for an act relating to aeronautics; setting forth the registration procedure for pioneer aircraft; amending Minnesota Statutes 1976, Section 360.55 by adding a subdivision.

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

Page 2, line 8, strike "such" and insert "the"

Page 2, line 10, before "removed" insert "shall be"

Page 2, line 10, strike “, and” and insert “by”

Page 2, line 10, after “owner” insert “, who”

Page 2, line 10, before “list” insert “thereafter”

Page 2, line 13, strike “such” and insert “the”

Page 2, line 13, strike “must” and insert “shall”

Page 2, line 15, strike “(including the payment of”

Page 2, line 16, strike “\$25 fee)”

Page 2, line 16, strike “other”

Page 2, line 17, strike “is” and insert “are”

Page 2, line 20, strike “and filing” and insert “from the owner”

Page 2, line 20, strike “of”

Page 2, line 21, strike “the aircraft owner”

Page 2, line 21, before the comma insert “of the defacement, loss or destruction”

Page 2, line 21, strike “together”

Page 2, line 22, strike “with any” and insert “the remains of the”

Page 2, line 22, after “stamps” insert “, if any,”

Page 2, line 22, before “fee” insert “a”

Page 2, after “\$5” insert a comma

Page 2, line 24, strike “note on his records the issue of” and insert “record”

Page 2, line 25, strike “replacement”

Page 2, line 25, after “number” insert “of the replacement plates, labels or stamps”

Page 2, line 25, strike “proceed to”

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

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

H. F. No. 1940: A bill for an act relating to the environmental education board; transferring the board to the department of natural resources.

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

Page 1, line 7, strike everything after the period

Page 1, strike lines 8 to 11 and insert:

"Minnesota Statutes 1976, Section 116E.03, Subdivision 1, is amended to read:

116E.03 [POWERS AND DUTIES.] Subdivision 1. [GENERALLY.] The environmental education board shall operate under the general supervision of the environmental quality board commissioner of natural resources. The environmental education board shall submit its budget to the environmental quality control board commissioner each year for review and approval. Twice each year the state environmental education board shall report to the environmental quality board commissioner on the status of its programs and operations. In addition to any powers or duties otherwise prescribed by law and without limiting the same, the state environmental education board shall have the powers and duties hereinafter specified.

Sec. 2. *The commissioners of finance and administration, as appropriate, shall provide for the transfer of personnel, appropriations and materials from the state planning agency to the department of administration pursuant to this act.*"

Underline and renumber the remaining section

Page 1, line 12, after "1978." insert "*Chapter 116E shall expire June 30, 1983.*"

Amend the title as follows:

Page 1, line 3, after the second "the" insert "*jurisdiction of the*"

Page 1, line 4, after "resources" insert "*; providing a termination date for the environmental education board; amending Minnesota Statutes 1976, Section 116E.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

H. F. No. 908: A bill for an act relating to the city of White Bear Lake; firemen's service pensions and disability benefits; amending Laws 1971, Chapter 214, Section 1.

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

Strike everything after the enacting clause and insert:

"Section 1. Laws 1971, Chapter 214, Section 1, is amended to read:

Section. 1. [WHITE BEAR LAKE, CITY OF; FIREFIGHTERS RELIEF ASSOCIATION.] Subdivision 1. *The bylaws of the firemen's volunteer firefighters relief association of the city of White Bear Lake may pay be amended to authorize the payment to a volunteer fireman member firefighter who qualifies under the terms of Minnesota Statutes, Section 69.06, of a base service*

pension in excess of the amounts authorized by section 69.06, and or a disability benefits benefit, either duty or nonduty incurred, as authorized by Minnesota Statutes, Section 424.31, in amounts not to exceed \$150 per month.

Subd. 2. The relief association may pay a service pension or disability, either duty or nonduty, benefit not to exceed \$150 per month. The amount of the base service pension may be increased by additional incentive benefit amounts not to exceed \$150 per month; provided, however, that the total service pension paid shall not exceed \$300 per month.

Subd. 3. For purposes of this section, the following terms shall be given the following meanings:

(a) "Base service pension" shall mean the service pension payable to a retiring member of the relief association when the member has received credit for the minimum years of service and has attained the minimum age specified in the bylaws for the commencement of a service pension; and

(b) "Incentive benefit amounts" shall mean amounts payable in addition to the base service pension which are based on meeting the minimum number of fire calls or rescue squad calls as set forth in the bylaws of the relief association for entitlement to an incentive benefit or completing years of service in excess of the minimum years of service specified in the bylaws for the commencement of a service pension.

Sec. 2. This act is effective upon approval by the city council of White Bear Lake and upon compliance with Minnesota Statutes, Section 645.021."

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

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

H. F. No. 2067: A bill for an act relating to transportation; authorizing permits for the construction of agricultural fences on a highway right-of-way.

Reports the same back with the recommendation that the report from the Committee on Transportation shown in the Journal for March 8, 1978 that "when so amended the bill do pass" be adopted. Amendments adopted. Report adopted.

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

H. F. No. 830: A bill for an act relating to public utilities; regulation of cooperative electric associations; amending Minnesota Statutes 1976, Sections 216B.01; 216B.02, Subdivision 4;

216B.06; 216B.17, by adding a subdivision; 216B.36; 216B.38, Subdivision 5; 216B.45; 216B.47; 216B.62, by adding a subdivision; repealing Minnesota Statutes 1976, Sections 216B.48, Subdivision 7; 216B.49, Subdivision 6; 216B.50, Subdivision 2; and 216B.51, Subdivision 2.

Reports the same back with the recommendation that the report from the Committee on Commerce shown in the Journal for March 7, 1978 that "when so amended the bill do pass" be adopted. Amendments adopted. Report adopted.

Mr. Purfeerst from the Committee on Transportation, to which was referred

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.

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

H. F. No. 474: A bill for an act relating to highway traffic regulations; defining terms; driving rules; pedestrian rules; regulating the operation of motor vehicles, bicycles and other human powered vehicles; amending Minnesota Statutes 1976, Sections 169.01, Subdivisions 2, 3, 31, 51, and by adding a subdivision; 169.18, Subdivision 7; 169.19, Subdivisions 1 and 8; 169.20, Subdivision 4; 169.21, Subdivision 3; 169.31, and Chapter 169, by adding a section; repealing Minnesota Statutes 1976, Section 169.221.

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

Page 2, line 1, strike "*but not*"

Page 2, line 2, strike "*operated upon rails, except vehicles*" and insert "*. Motor vehicle does not include a vehicle*"

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

Page 2, line 9, strike "*, berm*"

Page 2, after line 27, insert

"Sec. 6. Minnesota Statutes 1976, Section 169.03, Subdivision 8, is amended to read:

Subd. 8. Every person riding a ~~bicycle~~ or an animal or driving any animal drawing a vehicle upon a roadway shall be subject to the provisions of this chapter applicable to the driver of a vehicle, except those provisions which by their nature can have no application."

Page 3, line 25, before the period insert "*as provided in section 169.19, subdivision 1*"

Page 6, line 12, strike "or"

Page 6, line 13, strike "*the provisions or any local ordinance.*"

Page 6, line 14, after "shall" insert ":(a)"

Page 6, line 14, after "any" insert "*bicycle or*"

Page 6, line 15, restore the stricken words "*upon any roadway*"

Page 6, line 16, strike the underlined language

Page 6, line 17, strike "*vehicle*"

Page 6, line 17, strike "*shall*" and insert "(b)"

Page 6, line 18, strike "*shall*"

Page 6, lines 23 and 24, strike "AND OTHER HUMAN-POWERED VEHICLES"

Page 6, lines 24 to 30, strike subdivision 1 in its entirety and insert

"Subdivision 1. [TRAFFIC LAWS APPLY.] Every person operating a bicycle shall have all of the rights and duties applicable to the driver of any other vehicle by this chapter, except in respect to those provisions in this chapter relating expressly to bicycles and in respect to those provisions of this chapter which by their nature cannot reasonably be applied to bicycles."

Page 7, line 1, after "except" insert "(a)"

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

Page 7, line 5, after "or" insert "(b)"

Page 7, line 7, delete "(a)"

Page 7, strike lines 11 to 13

Page 7, line 14, to page 8, line 17, strike subdivision 4 in its entirety and insert

"Subd. 4. [RIDING ON ROADWAYS.] (a) Every person operating a bicycle upon a roadway shall ride as close as practicable to the right-hand curb or edge of the roadway except under any of the following situations:

(i) When overtaking and passing another vehicle proceeding in the same direction.

(ii) When preparing for a left turn at an intersection or into a private road or driveway.

(iii) When reasonably necessary to avoid conditions, including fixed or moving objects, vehicles, pedestrians, animals, surface hazards, or narrow width lanes, that make it unsafe to continue along the right-hand curb or edge.

(b) Persons riding bicycles upon a roadway shall not ride more than two abreast and shall not impede the normal and reasonable movement of traffic and, on a laned roadway, shall ride within a single lane.

(c) A person operating a bicycle upon a sidewalk, or across a roadway on a crosswalk, shall yield the right of way to any pedestrian and shall give an audible signal when necessary before overtaking and passing any pedestrian. No person shall ride a bicycle upon a sidewalk within a business district unless permitted by local authorities. Local authorities may prohibit the operation of bicycles on any sidewalk or crosswalk under their jurisdiction.

A person lawfully operating a bicycle on a sidewalk, or across a roadway on a crosswalk, shall have all the rights and duties applicable to a pedestrian under the same circumstances."

Page 8, line 21, before the period insert "or from properly operating the brakes of the bicycle"

Page 8, line 22, strike "Every" and insert "No person shall operate a"

Page 8, line 22, strike "when"

Page 8, line 23, strike "in use"

Page 8, line 23, strike "shall be" and insert "unless the bicycle or its operator is"

Page 8, line 23, strike ", or its operator"

Page 8, line 24, strike "shall carry."

Page 8, line 24, strike "on the front"

Page 8, line 26, strike "on the rear"

Page 8, line 30, strike "A lamp emitting a red light visible"

Page 8, strike line 31

Page 8, line 32, strike "addition to the red reflector."

Page 8, line 32, strike ", after January"

Page 9, line 1, strike "1, 1978," and insert "operate a bicycle"

Page 9, line 1, strike "other"

Page 9, line 3, strike ", operate a"

Page 9, line 4, strike the first "bicycle"

Page 9, line 17, strike "Every" and insert "No person shall operate a"

Page 9, line 17,, strike "shall be" and insert "unless it is"

Page 9, line 20, strike "the" and insert "a"

Page 9, line 26, strike "in an upright position"

Page 9, line 29, to page 11, line 9, strike Subdivisions 7 to 10 in their entirety and insert

"Subd. 7. [SALE WITH REFLECTORS AND OTHER EQUIPMENT.] No person shall sell or offer for sale any new bicycle unless it is equipped with reflectors and other equipment as required by subdivision 6, clauses (a) and (b) and by the regulations for new bicycles prescribed by the United States consumer product safety commission.

Subd. 8. [TURNING AND LANE CHANGES.] An arm signal to turn right or left shall be given continuously during the last 100 feet traveled by the bicycle before turning, unless the arm is needed to control the bicycle, and shall be given while the bicycle is stopped waiting to turn.

Subd. 9. [BICYCLE PARKING.] (a) A person may park a bicycle on a sidewalk unless prohibited or restricted by local authorities. A bicycle parked on a sidewalk shall not impede the normal and reasonable movement of pedestrian or other traffic.

(b) A bicycle may be parked on a roadway at any location where parking is allowed if it is parked in such a manner that it does not obstruct the movement of a legally parked motor vehicle.

Subd. 10. [BICYCLE EVENTS.] (a) Bicycle events, parades, contests, or racing on a highway shall not be unlawful when approved by state or local authorities having jurisdiction over that highway. Approval shall be granted only under conditions which assure reasonable safety for all participants, spectators and other highway users, and which prevent unreasonable interference with traffic flow which would seriously inconvenience other highway users.

(b) By agreement with the approving authority, participants in an approved bicycle highway event may be exempted from compliance with any traffic laws otherwise applicable thereto, provided that traffic control is adequate to assure the safety of all highway users."

Page 11, strike Section 13 in its entirety and insert

"Sec. 13. [OPENING AND CLOSING VEHICLE DOORS.] No person shall open any door on a motor vehicle unless and until it is reasonably safe to do so and can be done without interfering with the movement of other traffic. No person shall allow any door on the side of a vehicle adjacent to moving traffic to remain open for a period of time longer than necessary to load or unload passengers."

Renumber the sections in sequence.

Amend the title as follows:

Page 1, line 7, before "169.18" insert "169.03, Subdivision 8;"

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. 2225: A bill for an act relating to prepaid legal service plans; authorizing creation of nonprofit, legal service plan corporations; providing for their formation and regulation; prescribing penalties.

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

Page 16, after line 28, insert:

"Subd. 4. Notwithstanding any law or rule of court to the contrary, any attorney licensed to practice law in this state may solicit a contract or submit a bid to contract with any legal service plan corporation to provide legal services as provided in this 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. 1931: A bill for an act relating to agriculture; corporate farming; providing new definitions; declaring the desirability of family farm stability; amending Minnesota Statutes 1976, Sections 268.04, Subdivision 31; 308.11; 500.24; and Minnesota Statutes, 1977 Supplement, Section 176.041, Subdivision 1.

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

Page 3, strike lines 6 to 20

Page 7, strike line 3

Page 7, line 4, strike the first "of" and insert "pursuant to" and after "324," insert "Subdivision 2, Clauses (a) through (m),"

Page 7, line 7, strike "in any five year"

Page 7, line 8, strike "period"

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. 37: A bill for an act relating to commerce; requiring individually marked prices on certain retail merchandise; providing exceptions; providing penalties.

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

Page 1, line 8, after "store" insert "primarily engaged in the sale of grocery products at retail"

Page 1, line 9, strike "merchandise" and insert "grocery products"

Page 1, line 15, before the period insert "unless the price of the item is conspicuously displayed where the item is shelved and the store provides a means by which the customer may mark individual items"

Page 1, line 15, strike "the" and insert "a grocery"

Page 2, line 2, strike "Retail merchandise which is" and insert "Grocery products sold by a store primarily engaged in the sale of grocery products at retail which are"

Page 2, line 3, delete "weighs" and insert "weigh" and delete "is" and insert "are"

Page 2, line 5, strike "Retail merchandise" and insert "Grocery products sold by a store primarily engaged in the sale of grocery products"

Page 2, line 14, strike "retail merchandise" and insert "grocery product sold by a store primarily engaged in the sale of grocery products"

Page 2, after line 17, insert:

"Subd. 3. In addition to the exemptions allowed in subdivision 2, a retailer may choose to not individually price mark not more than 25 classes of items or individual items which classes or items shall be set forth on a list posted in a conspicuous place in the retail store, and may choose to not individually price mark not more than 25 additional classes of items or individual items which are advertised or featured at a reduced price."

Page 2, line 18, strike "Failure" and insert "Knowingly and willfully failing"

Page 2, after line 27, insert:

"Sec. 3. [LOCAL ORDINANCE PRE-EMPTED.] No subordinate unit of government may adopt or enforce any rule or ordinance requiring individually marked prices on retail merchandise other than that contained in this act."

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

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

H. F. No. 1416: A bill for an act relating to the legislature; requiring that bodies wholly or principally composed of legislators submit budgets and complement requests to the legislative coordinating commission; amending Minnesota Statutes 1976, Chapter 3, by adding a section.

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

Page 1, line 13, before "*commission*" insert "*statutory*"

Page 1, line 14, strike "*or joint committee*"

Page 1, line 16, strike "*approval*" and insert "*review and comment*"

Page 1, line 19, strike "*or committee*"

Page 1, line 20, after "*without*" strike "*the*"

Page 1, line 21, strike "*approval*" and insert "*first having received the recommendation*"

Page 1, after line 21, insert:

"Sec. 2. [EFFECTIVE DATE.] *This act is effective immediately upon enactment.*"

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

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

H. F. No. 600: A bill for an act relating to elections; providing for uniform reporting dates for and disclosure of campaign contributions and expenditures of political committees and candidates; providing for statements of economic interest for candidates and persons elected to public office; defining certain terms; providing exemption from disclosure requirements for certain persons and political committees; providing restrictions on the use of government publications; prohibiting sample ballots which appear to be official ballots; giving the secretary of state and filing officers certain duties with respect to elections; permitting codes of ethics for counties, cities, and school districts; providing penalties; amending Minnesota Statutes 1976, Sections 210A.01, Subdivisions 1, 3, 5, 6, and 8, and by adding subdivisions; 210A.05, Subdivision 1; 210A.16; 210A.21; 210A.24; 210A.27, Subdivision 1; 210A.29; 210A.32; and 290.09, Subdivision 2; and Chapters 123, by adding a section; 210A, by adding sections; 375, by adding a section; and 471, by adding a section; repealing Minnesota Statutes 1976, Sections 123.015; 210.22; 210A.01, Subdivisions 4, 7, and 9; 210A.22; 210A.23; 210A.25; 210A.26; 210A.28; 210A.30; 210A.31; and 210A.33.

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, Section 210A.01, Subdivision 1, is amended to read:

210A.01 [DEFINITIONS.] Subdivision 1. The words used in sections 210A.01 to 210A.44 have the meanings prescribed to them in chapter 200; and the words defined Unless a different definition is provided for particular provisions of this chapter, the definitions provided in this section are applicable apply for the purpose of construing sections 210A.01 to 210A.44 the

words used in this chapter . The definitions provided in chapter 200 apply to any words used in this chapter and not defined therein.

Sec. 2. Minnesota Statutes 1976, Section 210A.01, Subdivision 3, as amended by Laws 1978, Chapter 463, Section 105, is amended to read:

Subd. 3. "Candidate" means any individual for whom it is contemplated or desired that votes may be cast at any primary or election, and who either tacitly or expressly consents to be so considered, except candidates for president and vice president of the United States. In sections 210A.22 to 210A.23, 210A.32 and 210A.33, "candidate" does not mean an individual for whom it is contemplated or desired that votes may be cast at any primary or election, and who either tacitly or expressly consents to be so considered for constitutional office, member of the legislature, justice of the supreme court, or district court judge.

Sec. 3. Minnesota Statutes 1976, Section 210A.01, Subdivision 8, is amended to read:

Subd. 8. "Political committee" means every group of two or more persons elected or appointed by any political party or association for the purpose, wholly or partly, of raising, collecting, or disbursing money, or directing the raising, collecting or disbursing thereof, for nomination or election purposes, and every group of two or more persons who shall cooperate in the raising, collecting, or disbursing of money used, or to be used for or against the election to public office of any person or any class or number of persons, or for or against the adoption of any law, ordinance, or constitutional amendment, shall be deemed a "political committee" within the meaning of sections 210A.01 to 210A.44. "Political committee" includes a principal campaign committee as defined in section 10.

Sec. 4. Minnesota Statutes 1976, Section 210A.01, Subdivision 9, is amended to read:

Subd. 9. "Committee" means any personal campaign committee, party committee or political committee, unless the intent is clearly shown to be otherwise.

Sec. 5. Minnesota Statutes 1976, Section 210A.05, Subdivision 1, is amended to read:

210A.05 [PAID ADVERTISEMENTS IN NEWS.] Subdivision 1. No publisher of a newspaper, periodical, or magazine shall insert either in the advertising columns of such newspaper, magazine, or periodical, or elsewhere therein, any matter paid or to be paid for which is intended or tends to influence directly or indirectly any voting at any primary or general election unless at the head or the foot of the matter is printed in six point capital letters the words "Paid Advertisement," and unless there is a statement at the head or the foot of the matter of the amount paid or to be paid therefor, or a statement that the same is to be paid at regular advertising rates, the name of the can-

didate in whose behalf the matter is inserted and of any other person or the names of the officer and the committee authorizing the publication.

Sec. 6. Minnesota Statutes 1976, Section 210A.16, is amended to read:

210A.16 [LEGAL EXPENDITURES.] The expenditure of money or other thing of value by any candidate, ~~personal campaign committee, party committee, or political committee~~ for political purposes other than those provided in this section is prohibited. The following are permitted expenditures:

- (a) Salaries, wages, and fees;
- (b) Communications, mailing, transportation, and travel;
- (c) Campaign advertising;
- (d) Printing;
- (e) Office and other space and necessary equipment, furnishings, and supplies incidental thereto;
- (f) Other expenses, not included in the above, which are reasonably related to the conduct of election campaigns.

Sec. 7. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.215] [TAX DEDUCTIONS FOR CERTAIN EXPENDITURES.] *Expenditures made by a candidate from his own funds and on behalf of his own election may be deducted as expenses for production of income or as a business deduction under section 290.09, subdivision 2, in an amount not to exceed \$500.*

Sec. 8. Minnesota Statutes 1976, Section 210A.37, is amended to read:

210A.37 [COUNTY ATTORNEY TO INQUIRE INTO VIOLATIONS; PENALTIES.] If the county attorney of the county shall be notified by any officer or other person of any violation of any the provisions of ~~sections 210A.01 to 210A.44 this chapter~~, it shall be his duty forthwith to diligently inquire into the facts of such violation, and if there be reasonable ground for instituting a prosecution, it shall be the duty of such county attorney to present the charge, with all the evidence which he can procure, to the grand jury of such county. If any county attorney shall fail or refuse to faithfully perform any duty imposed upon him by the provisions of ~~sections 210A.01 to 210A.44 this chapter~~, he shall be guilty of a misdemeanor; and, on conviction thereof, shall forfeit his office. It shall be the duty of the county attorney, under the penalty of forfeiture of his office, to prosecute any and all persons guilty of any violation of the provisions of ~~sections 210A.01 to 210A.44 this chapter~~, the penalty of which is fine or imprisonment, or both, or removal from office. Any citizen may employ an attorney to assist the county attorney to perform his duties under the provisions of ~~sections 210A.01 to 210A.44 this chapter~~, and such attorney shall be recognized by the county

attorney and the court as associate counsel in the proceeding; and no prosecution, action, or proceeding shall be dismissed without notice to, or against the objection of, such associate counsel until the reasons of the county attorney for such dismissal, together with the objections thereto of the associate counsel, shall have been filed in writing, argued by counsel, and fully considered by the court, with such limitation as to the time of filing such reasons and objections as the court may impose.

Sec. 9. Minnesota Statutes, Chapter 210A, is amended by adding a section to read:

[210A.445] [DIGEST OF LAWS.] *The secretary of state, with the approval of the attorney general, shall prepare, print and distribute to county auditors and municipal clerks an easily understandable digest of sections 210A.01 to 210A.44 including annotations to those sections.*

Sec. 10. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.500] [DEFINITIONS.] *Subdivision 1. The definitions provided in this section apply for the purpose of construing the words used in sections 10 to 26 of this act.*

Subd. 2. "Advance of credit" means any money owed for goods provided or services rendered. An advance of credit is an expenditure or a noncampaign disbursement in the year in which the goods or services are used or consumed. Advance of credit does not mean loan as defined in subdivision 11.

Subd. 3. "Association" means business, corporation, firm, partnership, committee, labor organization, club, or any other group of two or more persons, which includes more than an immediate family, acting in concert.

Subd. 4. "Business with which he is associated" means any association in connection with which the individual is compensated in excess of \$50 except for actual and reasonable expenses in any month as a director, officer, owner, member, partner, employer or employee, or is a holder of securities worth \$2,500 or more at fair market value.

Subd. 5. "Candidate" means an individual who seeks nomination or election to any county, city or school district office.

Subd. 6. "Contribution" means a transfer of funds or a donation in kind.

Contribution includes any loan or advance of credit to a political committee, political fund, or principal campaign committee, if that loan or advance of credit is (a) forgiven, or (b) paid by an entity other than the political committee, political fund, or principal campaign committee to which the loan or advance of credit is made.

Contribution does not include services provided without compensation by an individual volunteering his time on behalf of a

candidate, political committee or political fund, or the publishing or broadcasting of news items or editorial comments by the news media.

Subd. 7. "Donation in kind" means anything of value other than money or negotiable instruments given by an individual or association to a political committee, political fund, or principal campaign committee for the purpose of influencing the outcome of an election.

Subd. 8. "Election" means any election held to (a) nominate or elect any candidate or (b) to decide any question on any county, city or school district ballot or (c) to approve or reject any constitutional amendment.

Subd. 9. "Expenditure" means a purchase or payment of money or anything of value, or an advance of credit, made or incurred for the purpose of influencing the outcome of an election. Expenditure does not include services provided without compensation by an individual volunteering his time on behalf of a candidate, political committee or political fund, or the publishing or broadcasting of news items or editorial comments by the news media.

Subd. 10. "Filing officer" means the city clerk or county auditor with respect to any city or county election, the chief administrative officer of the school district with respect to any school district election and the ethical practices board with respect to any constitutional amendment.

Subd. 11. "Loan" means an advance of money or anything of value made to a political committee, political fund, or principal campaign committee.

Subd. 12. "Political committee" means any political party, association or person other than an individual that seeks as its major purpose to influence the outcome of any election.

Subd. 13. "Political fund" means any accumulation of dues or voluntary contributions by an association other than a political committee, which accumulation is collected or expended for the purpose of influencing the outcome of an election.

Subd. 14. "Principal campaign committee" means the single political committee designated by a candidate.

Subd. 15. "Transfer of funds" or "transfer" means money or negotiable instruments given by an individual or association to a political committee, political fund, or principal campaign committee for the purpose of influencing the outcome of an election.

Sec. 12. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.501] [POLITICAL COMMITTEES.] Subdivision 1. [OFFICERS.] Every political committee shall have a chairman and a treasurer, who may be the same individual. The treasurer may designate deputy treasurers and shall be responsible for their accounts. The treasurer shall designate a single depository and account for all contributions received by the political committee.

Subd. 2. [PROHIBITIONS; ACCEPTANCE OF CERTAIN CONTRIBUTIONS; COMMINGLING OF FUNDS.] *No contribution shall be accepted and no expenditure shall be made by or on behalf of a political committee while the office of treasurer is vacant. No anonymous contribution in excess of \$20 shall be retained by any political committee but shall be forwarded to the state ethical practices board and deposited in the general fund. No funds of a political committee shall be commingled with the personal funds of any officer, member or associate of the committee. Any person who violates a provision of this subdivision is guilty of a misdemeanor.*

Sec. 13. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.502] [POLITICAL FUNDS.] Subdivision 1. [WHEN REQUIRED.] *No association other than a political committee shall transfer more than \$100 in aggregate in any one year to candidates or political committees or make any expenditure unless the transfer or expenditure is made from a political fund.*

Subd. 2. [TREASURER; COMMINGLING OF FUNDS; ANONYMOUS CONTRIBUTIONS.] *Each association which has a political fund shall elect or appoint a treasurer of the political fund. No contributions to the political fund shall be accepted and no expenditures from the political fund shall be made while the office of treasurer of the political fund is vacant. The contents of a political fund shall not be commingled with any other funds or with the personal funds of any officer or member of the fund. No anonymous contribution in excess of \$20 shall be retained by any political fund but shall be forwarded to the state ethical practices board and deposited in the general fund.*

Subd. 3. [USE OF DUES AND MEMBERSHIP FEES.] *Notwithstanding subdivision 1, any association may, if not prohibited by other law, deposit in its political fund money derived from dues or membership fees. The treasurer of the fund, in any report required by section 17, shall disclose the name of any member whose dues, membership fees and contributions deposited in the political fund together exceed \$50 in any one year.*

Subd. 4. [PENALTY.] *Any person who knowingly violates the provisions of this section is guilty of a misdemeanor.*

Sec. 14. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.503] [PRINCIPAL CAMPAIGN COMMITTEE.] *Every candidate who receives contributions in excess of \$250 or makes expenditures in excess of \$500 shall designate and cause to be formed a single political committee which shall be known as the candidate's principal campaign committee. A candidate shall only make expenditures through his principal campaign committee. A candidate may be the chairman and treasurer of his principal campaign committee.*

Sec. 15. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.504] [REGISTRATION OF POLITICAL COMMITTEES.] *Subdivision 1. [FILING OFFICE; DEADLINE.] Every political committee and political fund shall register with the appropriate filing officer within 14 days after the date by which the committee or fund has received contributions or made expenditures in excess of \$100. A political committee or political fund other than a principal campaign committee shall register with the filing officer of each jurisdiction holding an election the outcome of which that committee or fund seeks to influence.*

Subd. 2. [STATEMENT REQUIRED.] A political committee or fund registers by filing a statement of organization that includes:

- (a) the name and address of the political committee or fund;*
- (b) the name and address of the chairman, the treasurer, and any deputy treasurers;*
- (c) the name and address of the depository used by the committee or fund;*
- (d) the name and address of any supporting association of a political fund; and*
- (e) a statement as to whether the committee is a principal campaign committee.*

The statement of organization shall be filed by the treasurer of the political committee, political fund or principal campaign committee.

Sec. 16. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.505] [ACCOUNTS WHICH MUST BE KEPT.] *Subdivision 1. [CONTRIBUTIONS; EXPENDITURES; TRANSFERS.] The treasurer of any political committee, political fund or principal campaign committee, shall keep an account of:*

- (a) The sum of all contributions except any donation in kind valued at \$20 or less made to the political committee or fund;*
- (b) The name and address of each source of transfer or donation in kind in excess of \$20, together with the date and amount;*
- (c) Each expenditure made by or on behalf of the committee together with the date and amount; and*
- (d) the name and address of each political committee or fund to which transfers in excess of \$20 have been made, together with the date and amount.*

Subd. 2. [AUTHORIZATION OF EXPENDITURES; RECEIPTS.] Each expenditure by a political committee, political fund or principal campaign committee shall be authorized by the treasurer. The treasurer may authorize not more than \$20 per week as petty cash for miscellaneous expenditures. The treasurer shall obtain a receipted bill, stating the particulars, for every

expenditure made by or on behalf of the political committee or fund of over \$100, and for any expenditure in a lesser amount if the aggregate amount of lesser expenditures to the same individual or association during a year exceeds \$100.

Sec. 17. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.506] [CAMPAIGN REPORTS.] Subdivision 1. [COMMITTEES REQUIRED TO REPORT; DEADLINES.] *The treasurer of any political committee, political fund or principal campaign committee required to register pursuant to section 15 shall also file campaign reports with the filing officer with whom the committee is registered. Campaign reports shall be filed ten days before any special primary, regular primary, regular or special election and 30 days after any regular or special election. The reports shall cover the period from the last day of the previous reporting period to seven days before the filing date. An additional campaign report shall be filed on January 31 of each year covering the period from the last day of the previous reporting period to December 31 of the preceding calendar year.*

Subd. 2. [CONTENT OF REPORTS.] *Each campaign report required under this section shall disclose:*

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

(b) *The name, address and employer, or occupation if self-employed, of each individual, committee or political fund that made transfers or donations in kind to the political committee in an aggregate amount or value in excess of \$50, together with the amount and date;*

(c) *The sum of all contributions made to the political committee or political fund;*

(d) *Each loan made or received by the political committee or political fund within the year in aggregate in excess of \$100, together with the name, address, occupation and the principal place of business, if any, of the lender and any endorser and the date and amount of the loan. A loan made to a political committee or political fund which is forgiven or is repaid by an entity other than that political committee or fund shall be reported as a contribution;*

(e) *The sum of all receipts, including all contributions and loans, during the reporting period;*

(f) *The name and address of each person to whom aggregate expenditures have been made by or on behalf of the political committee or fund within the year in excess of \$100, the amount, date and purpose of each expenditure and the ballot question or the name and address of the candidate supported or opposed by the expenditure;*

(g) *The sum of all expenditures made by the political committee or fund;*

(h) *The amount and nature of any advance of credit incurred by the political committee or fund continuously reported until paid or forgiven. An advance of credit incurred by a political committee or fund which is forgiven or is paid by an entity other than that political committee or fund shall be reported as a donation in kind;*

(i) *The name and address of each political committee or fund to which aggregate transfers in excess of \$100 have been made within the year, together with the amount and date of each transfer;*

(j) *The sum of all transfers made to political committees or funds; and*

(k) *The sum of all disbursements not made to influence the outcome of an election.*

Subd. 3. [TERMINATION REPORTS.] *A political committee or political fund may dissolve upon filing of a termination report indicating that the committee or fund has settled all of its debts and disposed of all assets in excess of \$100. The termination report shall include all information required in a periodic campaign report.*

Sec. 18. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.507] [EXPENDITURES BY INDIVIDUALS; REPORTS REQUIRED; EXCEPTION.] *Any individual who makes expenditures to influence the outcome of an election in an aggregate amount of \$100 or more in any year, which expenditures are not required to be reported by any political committee or fund as contributions to that political committee or fund, shall file campaign reports in the form required by section 17 with respect to those expenditures; provided that an individual shall not be required to report any expenditure which is made without the cooperation or express or implied consent of any candidate, political committee or agent of a candidate or political committee, unless the expenditure expressly advocates the election or defeat of a clearly identified candidate or the approval or rejection of a clearly identified ballot question or constitutional amendment.*

Sec. 19. Minnesota Statutes 1976, Chapter 201A, is amended by adding a section to read:

[210A.508] [ADDITIONAL INFORMATION TO BE DISCLOSED.] Subdivision 1. [EARMARKED CONTRIBUTIONS.] *Any individual, political committee or political fund that receives a contribution from any person or association in an aggregate in excess of \$50 with the express or implied condition that the contribution or any part of it be directed to a particular candidate shall disclose to the ultimate recipient and in any report required by section 17, the original source of the contribution, the fact that it was earmarked and the candidate to whom it is directed. The ultimate recipient of any contribution so earmarked shall also disclose the original source and the individual political committee or politi-*

cal fund through which it was directed. Any individual, political committee or political fund that knowingly accepts earmarked funds and fails to make the required disclosure is guilty of a misdemeanor.

Subd. 2. [BILLS WHEN RENDERED AND PAID.] Every person who has a bill, charge or claim against any political committee or political fund for any expenditure shall render in writing to the treasurer of the committee or fund the bill, charge or claim within 60 days after the material or service is provided. Failure to so present the bill, charge or claim is a misdemeanor.

Sec. 20. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.509] [CIRCUMVENTION PROHIBITED.] Any attempt to circumvent disclosure of the source or amount of contributions or expenditures by redirecting funds through or contributing funds on behalf of another person is a misdemeanor.

Sec. 21. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.510] [ECONOMIC REPRISALS PROHIBITED.] No individual or association shall engage in economic reprisal or threaten loss of employment or physical coercion against any individual or association because of the political contributions or political activity of that individual association. This subdivision shall not apply to compensation for employment or loss of employment when the political affiliation or viewpoint of the employee is a bona fide occupational qualification of the employment. Any individual or association that violates this subdivision is guilty of a misdemeanor.

Sec. 22. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.511] [ECONOMIC INTEREST DISCLOSURE.] Subdivision 1. [OFFICIALS REQUIRED TO FILE; DEADLINES.] Every candidate for county office, every elected county official, and every candidate for city or school district office and elected city and school district official in any city or school district with a population of 20,000 or more shall file statements of economic interest as required by this section with the appropriate filing officer. A candidate shall file an original statement within 14 days of the filing of an affidavit or petition to appear on the ballot. All elected officials in office on the effective date of this act shall file an original statement of economic interest 60 days after forms for disclosure are provided to the appropriate filing officer. Every individual required to file a statement shall file a supplementary statement on April 15 of each year in which he remains a candidate or elected official. The population of a school district shall be determined by the chief administrative officer of the district based on the last federal census.

Subd. 2. [CONTENT OF STATEMENT.] An individual required to file a statement of economic interest shall disclose:

(a) His name, address, occupation and principal place of business;

(b) The name of each business with which he is associated and the nature of that association; and

(c) A listing of all real property within the state, excluding homestead property, in which he holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, and which interest is valued in excess of \$2,500; or (ii) an option to buy, which property has a fair market value of \$50,000 or more;

(d) A listing of all real property within the state in which a partnership of which he is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if his share of the partnership interest is valued in excess of \$2,500 or (ii) an option to buy, which property has a fair market value of \$50,000 or more; and

(e) in supplementary statements only, the amount of each honorarium in excess of \$50 received since the last statement, together with the name and address of the source.

Any listing under clause (c) or (d) shall indicate the street address and the municipality or the section, township range and approximate acreage, whichever applies, and the county wherein the property is located.

Sec. 23. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.512] [REPORTS AND STATEMENTS; REQUIREMENTS.] Subdivision 1. [CERTIFICATION.] A report or statement required by sections 16 to 23 shall be signed and certified as true by the individual required to file the report. Any individual who signs and certifies to be true a report or statement which he knows contains false information or who knowingly omits required information is guilty of a gross misdemeanor.

Subd. 2. [CHANGES AND CORRECTIONS.] Any material changes in information previously submitted and any corrections to a report or statement shall be reported in writing to the appropriate filing officer within ten days following the date of the event prompting the change or the date upon which the individual filing became aware of the inaccuracy. The change or correction shall identify the form and the paragraph containing the information to be changed or corrected. Any individual who willfully fails to report a material change or correction is guilty of a misdemeanor.

Subd. 3. [RECORD KEEPING.] Each individual required to file any report or statement or to keep any account pursuant to sections 16 to 23 shall maintain and preserve for four years the records including vouchers, cancelled checks, bills, invoices, worksheets and receipts, which will provide in sufficient detail the necessary information from which the accounts and the filed reports and statements may be verified, explained, clarified and checked for accuracy and completeness.

Subd. 4. [PENALTIES.] The appropriate filing officer shall notify by certified mail or personal service any individual who fails to file a statement or report required by sections 16 to 23. Except for any campaign report of a principal campaign committee due before an election, if an individual fails to file any statement or report within seven days after receiving a notice, the filing officer may impose a late filing fee of \$5 per day, not to exceed \$100, commencing on the eighth day after receiving notice. If a treasurer of a principal campaign committee fails to file a campaign report due before an election within three days of the date due, regardless of whether the treasurer has received any notice, the filing officer may impose a late filing fee of \$50 per day, not to exceed \$500, commencing on the fourth day after the date the statement was due. The filing officer shall further notify by certified mail or personal service any individual who fails to file any statement or report within 21 days after receiving a first notice that the individual may be subject to a criminal penalty for failure to file the statement or report. An individual who knowingly fails to file the statement or report within seven days after receiving a second notice from the filing officer is guilty of a misdemeanor.

Subd. 5. [ENFORCEMENT.] A filing officer may bring an action in the county or municipal court in the county in which his office is situated to recover any late filing fee imposed pursuant to subdivision 4. All money recovered shall be deposited in the general fund of the jurisdiction served by the filing officer.

If any individual fails to file the required statement or report within seven days after a second notice as provided in subdivision 4, the filing officer shall inform the county attorney of the county in which the individual is domiciled that a second notice was sent and that the individual failed to file the required statement or report.

Sec. 24. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.513] [DUTIES OF ETHICAL PRACTICES BOARD; COUNTY AUDITORS AND FILING OFFICERS.] Subdivision 1. The state ethical practices board shall:

(a) develop forms for all statements and reports required to be filed under sections 16 to 23 and furnish the forms to county auditors;

(b) issue and publish advisory opinions concerning the requirements of sections 10 to 26 upon application in writing by any individual or association who wishes to use the opinion to guide his or its own conduct; and

(c) exempt any individual or association required to disclose information under sections 16 to 19 from any requirement of those sections in the same manner as it exempts any individual or association from disclosure requirements under Minnesota Statutes, Chapter 10A. An individual or association exempted from the disclosure provisions of Minnesota Statutes, Chapter 10A, shall also be exempt from the disclosure provisions of sections 16 to 19.

Subd. 2. Each county auditor shall furnish sufficient copies of the forms provided by the ethical practices board to all filing officers in the county.

Subd. 3. Every filing officer shall furnish the necessary forms to individuals required to file statements or reports with that filing officer and shall receive, preserve, and make available for public inspection any statement or report filed by those individuals for a period of five years. A filing officer shall mail or deliver a copy of each form required to be filed by any candidate to each candidate for whom an affidavit, application or petition of candidacy is filed with that officer or other officer of that jurisdiction, or for whom a write-in vote is cast on the ballot of that jurisdiction. Any filing officer who fails to carry out the duties imposed by this subdivision or by section 23, subdivisions 4 and 5, is guilty of a misdemeanor.

Sec. 25. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.514] [PENALTIES.] *Unless a penalty is expressly provided for a violation of any provision of sections 10 to 24, that violation is not a crime.*

Sec. 26. Minnesota Statutes 1976, Chapter 210A, is amended by adding a section to read:

[210A.515] [LOCAL ORDINANCES AND CHARTERS SUPERSEDED.] *Sections 10 to 25 supersede the provisions of any ordinance, resolution or home rule charter requiring disclosure of information related to the financing of election campaigns and similar activities designed to influence the outcome of an election. Any county, city or school district may adopt ordinances, resolutions or charter provisions that impose limits on the amount that any individual or association may contribute to any candidate for county, city or school district office. Any city or school district with a population of less than 20,000 may adopt ordinances, resolutions or charter provisions that require disclosure of economic interests by city or school district candidates and elected officials. Any county and any city or school district with a population of 20,000 or more may require disclosure of economic interests in addition to those required to be disclosed under section 22.*

Sec. 27. Minnesota Statutes, 1977 Supplement, Section 290.09, Subdivision 2, is amended to read:

Subd. 2. [TRADE OR BUSINESS EXPENSES; EXPENSES FOR PRODUCTION OF INCOME.] (a) **In General.** There shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including

(1) A reasonable allowance for salaries or other compensation for personal services actually rendered;

(2) Traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and

(3) Rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity. For purposes of the preceding sentence, the place of residence of a member of congress within the state shall be considered his home, but amounts expended by such members within each taxable year for living expenses shall not be deductible for income tax purposes in excess of \$3,000.

(b) Expenses for Production of Income. In the case of an individual, there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year.

(1) For the production or collection of income;

(2) For the management, conservation, or maintenance of property held for the production of income; or

(3) In connection with the determination, collection, or refund of any tax.

(c) Campaign expenditures . *In the case of a candidate as defined in section 210A.01, there shall be allowed as a deduction in an amount not to exceed the limits set out in section 210A.22, \$500 any expenditures not subsequently reimbursed, which have been personally paid by a the candidate for public office if the candidate has complied with the expenditure limitations set out in section 210A.22; on behalf of his own election.*

(No deduction shall be allowed under this clause for any contribution or gift which would be allowable as a credit under section 290.21 were it not for the percentage limitations set forth in such section);

(d) All expense money paid by the legislature to legislators;

(e) The provisions of section 280A (disallowing certain expenses in connection with the business use of the home and rental of vacation homes) of the Internal Revenue Code of 1954, as amended through December 31, 1976, shall be applicable in determining the availability of any deduction under this subdivision.

Sec. 28. [REPEALER.] *Minnesota Statutes 1976, Sections 210A.01, Subdivisions 5 and 6; 210A.22; 210A.23; 210A.24; 210A.25; 210A.26; 210A.27; 210A.28; 210A.29; 210A.30; 210A.31; 210A.32; and 210A.33; and Laws 1977, Chapter 131, are repealed.*

Sec. 29. [EFFECTIVE DATE.] *This act is effective the day after final enactment; provided that the act shall apply only to an election as defined in section 10 for which the filing period opens on or after July 1, 1978."*

Further, delete the title and insert:

"A bill for an act relating to elections; requiring disclosure of campaign financing information for all county, city and school district elections; requiring disclosure of economic interests by

candidates and elected officials of all counties and certain cities and school districts; requiring candidates to form a principal campaign committee; imposing duties on the ethical practices board, county auditors, municipal clerks and chief administrative officers of certain school districts; superseding other general or special laws, charter provisions and local ordinances; imposing late filing fees and criminal penalties; amending Minnesota Statutes 1976, Sections 210A.01, Subdivisions 1, 3, as amended, 8 and 9; 210A.05, Subdivision 1; 210A.16; 210A.37; and Chapter 210A, by adding sections; Minnesota Statutes, 1977 Supplement, Section 290.09, Subdivision 2; repealing Minnesota Statutes 1976, Sections 210A.01, Subdivisions 5 and 6; 210A.22 to 210A.33; and Laws 1977, Chapter 131."

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

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

H. F. No. 774: A bill for an act relating to landlords and tenants; providing remedies for tenants whose landlords have breached provisions of agreements; defining terms; providing for adjustment of rent.

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, Section 504.21, is amended to read:

504.21 [RESTRICTION ON AUTOMATIC RENEWALS OF LEASES.] Notwithstanding the provisions of any lease of real property used for residential purposes, no person shall have the right to enforce any automatic renewal clause of a lease of an *original term of two months or more* which states, in effect, that the term thereof shall be deemed renewed for a specified additional period of time of *two months or more* unless the lessee or tenant gives notice to the lessor of his intention to quit the premises at the expiration of the term due to expire, unless the lessor or his agent, within 15 days prior to the time that the lessee or tenant is required to furnish notice of his intention to quit, but not more than 30 days prior thereto, shall give to the tenant written notice, served personally or by registered or certified mail, directing the lessee's or tenant's attention to the automatic renewal provision of the lease.

Sec. 2. Minnesota Statutes 1976, Section 566.18, Subdivision 6, is amended to read:

Subd. 6. "Violation" means:

(a) the a violation of any state, county or city health safety, housing, building, fire prevention, or housing maintenance code applicable to the building which materially endangers the health or safety of the tenants of the building involved.;

(b) a violation of any of the covenants set forth in section 504.18, subdivision 1, clauses (a) or (b);

(c) a violation of an oral or written agreement, lease or contract for the rental of a dwelling in a building.

Sec. 3. Minnesota Statutes 1976, Section 566.18, Subdivision 8, is amended to read:

Subd. 8. "Inspector" means the person charged by the governing body of the political subdivision in which a building is situated, with the responsibility of enforcing provisions of local law, the breach of which could constitute a violation as defined in subdivision 6, *clause (a)*, or if no such person, the county health officer or the chairman of the board of county commissioners.

Sec. 4. Minnesota Statutes 1976, Section 566.19, Subdivision 2, is amended to read:

Subd. 2. After an inspection of a building has been made upon demand by a tenant, the owner or his agent and the complaining tenant shall be informed in writing by the inspector of any *code* violations discovered and a reasonable period of time shall be allowed in which to correct ~~such~~ *the* violations.

Sec. 5. Minnesota Statutes 1976, Section 566.19, Subdivision 3, is amended to read:

Subd. 3. Where ~~such~~ an inspection has been made, no action shall be brought pursuant to sections 566.18 to 566.33 except on expiration of the time thus granted without satisfactory repairs being accomplished to remove the *code* violations unless the tenant shall allege ~~such~~ *the* time is excessive.

Sec. 6. Minnesota Statutes 1976, Section 566.19, is amended by adding a subdivision to read:

Subd. 4. No action may be commenced pursuant to sections 566.18 to 566.33 by a tenant of a building in which a violation as defined in section 566.18, subdivision 6, clauses (b) or (c) is alleged to exist unless the owner is informed in writing of the alleged violation at least 14 days prior to the commencement of the action.

Sec. 7. Minnesota Statutes 1976, Section 566.20, Subdivision 4, is amended to read:

Subd. 4. The complaint shall be verified and shall:

(a) Allege material facts showing that there then exists in the building a violation or violations;

(b) State the relief sought;

(c) List the rents due each month from each dwelling unit within the building, if known; and

(d) If the violation is a violation as defined in section 566.18, subdivision 6, *clause (a)*, be accompanied by a copy of the official report of inspection by any department of health, housing or

buildings, certified by the custodian of records of ~~such that~~ department stating

- (1) when and by whom the building concerned was inspected,
- (2) what *code* violations were recorded, and
- (3) that notice of the *code* violations has been given to the building owner; or

(e) *If the violation is a violation as defined in section 566.18, subdivision 6, clause (a), be accompanied by a statement that a request for inspection was made to the appropriate state, county or municipal department and demand made upon the owner to correct the code alleged violation and that a reasonable period of time has elapsed since such the demand or request was made.*

Sec. 8. Minnesota Statutes 1976, Section 566.23, is amended to read:

566.23 [DEFENSES.] It shall be a sufficient defense that:

(a) The violation or violations alleged in the complaint do not in fact exist or that ~~such the~~ violation or violations have been removed or remedied; or

(b) ~~Such The~~ violations have been caused by the wilful, malicious, negligent or irresponsible conduct of a complaining tenant or anyone under his direction or control; or

(c) Any tenant of the building has unreasonably refused entry to the owner or his agent to a portion of the premises for the purpose of correcting ~~such the~~ violation, and ~~such the~~ effort to correct was made in good faith; ~~or~~.

~~(d) Such violation or violations alleged in the complaint do not materially endanger the health or safety of the tenants of the dwelling."~~

Amend the title as follows:

Page 1, line 4, after "of" insert "statutory covenants or rental"

Page 1, line 4, strike "defining terms;" and insert "prohibiting the automatic renewal of certain leases; amending Minnesota Statutes 1976, Sections 504.21; 566.18, Subdivisions 6 and 8; 566.19, Subdivisions 2 and 3, and by adding a subdivision; 566.20, Subdivision 4; and 566.23."

Page 1, strike line 5

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

SECOND READING OF HOUSE BILLS

H. F. Nos. 1910, 1403, 2219, 2332, 1767, 1663, 2155, 1900, 2330, 1866, 1781, 2278, 2279, 2228, 2224, 2282, 2049, 933, 2025, 2111, 2080, 1822, 1598, 2432, 1884, 1973, 2192, 2190, 1940, 908, 2067,

830, 1605, 474, 2225, 1931, 37, 1416, 600 and 774 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. Knoll introduced—

Senate Concurrent Resolution No. 11: A senate concurrent resolution designating May 1st of each year as Law Day U.S.A.

Referred to the Committee on Rules and Administration.

Mr. Solon moved that S. F. No. 1529 be stricken from General Orders and returned to author. The motion prevailed.

Mr. Stokowski moved that H. F. No. 2163 be withdrawn from the Committee on Governmental Operations and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 2082 now on General Orders. The motion prevailed.

MEMBERS EXCUSED

Mr. Sikorski was excused from the Session of today at 11:30 o'clock a. m. Mr. Keefe, J. was excused from the Session of today at 1:30 o'clock p. m. Mr. Moe was excused from the Session of today at 4:00 o'clock p. m.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 9:00 o'clock a. m., Monday, March 13, 1978. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate