

**FIFTY-FIRST DAY**

St. Paul, Minnesota, Thursday, May 10, 1979

The Senate met at 9:00 o'clock a.m. and was called to order by the President.

**CALL OF THE SENATE**

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

Ashbach	Frederick	Knaak	Rued	Ueland, A.
Benedict	Gearty	Laufenburger	Schmitz	Ulland, J.
Bernhagen	Gunderson	Lessard	Setzepfandt	Vega
Chmielewski	Hanson	Luther	Sillers	Wegener
Coleman	Hughes	Menning	Solon	Willet
Davies	Jensen	Merriam	Staples	
Dieterich	Keefe, S.	Penny	Stokowski	
Dunn	Kirchner	Peterson	Strand	
Engler	Kleinbaum	Purfeerst	Stumpf	

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

Prayer was offered by the Chaplain, Rev. Syl Brown.

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

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

Mr. Schrom was excused from the Session of today. Messrs. McCutcheon and Nelson were excused from the Session of today

until 9:45 o'clock a.m. Mr. Moe was excused from the Session of today until 12:00 o'clock noon. Mr. Sikorski was excused from the Session of today at 11:30 o'clock a.m. Mr. Benedict was excused from this evening's Session from 7:30 to 9:30 o'clock p.m. Mr. Peterson was excused from this evening's Session at 7:30 o'clock p.m.

### INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Messrs. Benedict; McCutcheon; Chmielewski; Keefe, J. and Knutson introduced—

S. F. No. 1559: A bill for an act proposing an amendment to the Minnesota constitution; adding a new article to provide for initiative-referendum.

Referred to the Committee on Judiciary.

Messrs. Kleinbaum, Sieloff, Gearty, Merriam and Keefe, J. introduced—

S. F. No. 1560: A bill for an act relating to education; establishing a demonstration educational grant program; appropriating money.

Referred to the Committee on Education.

Mr. Dunn, by request, introduced—

S. F. No. 1561: A bill for an act relating to soil and water conservation; imposing duties upon land occupiers to apply and maintain wind and water erosion control systems in accordance with rules of soil and water conservation districts established within guidelines of the state soil and water conservation board.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Solon introduced—

S. F. No. 1562: A bill for an act relating to usury; changing the penalty for usurious loans made by state banks and savings banks; amending Minnesota Statutes 1978, Sections 334.02; 334.03; and Chapter 48, by adding a section.

Referred to the Committee on Commerce.

Messrs. Renneke and Purfeerst introduced—

S. F. No. 1563: A bill for an act relating to education; modifying a subdivision providing for identification, assessment and educa-

tional placement of handicapped school children; setting tuition at certain schools for the handicapped and providing for certain tuition reimbursement; establishing which school districts shall claim certain aid; providing for certain participation in and notification of certain child placement decisions; abolishing certain expenditure limitations; amending Minnesota Statutes 1978, Sections 120.17, Subdivisions 3b and 7a; and 124.212, Subdivision 20; repealing Minnesota Statutes 1978, Section 120.171.

Referred to the Committee on Education.

Mr. Renneke introduced—

S. F. No. 1564: A bill for an act relating to agriculture; providing an income tax exclusion for interest earned on certain family farm security loan transactions; amending Minnesota Statutes 1978, Sections 41.55; 290.01, Subdivision 20; and Chapter 41, by adding a section.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Perpich, Nichols, Ogdahl, Anderson and Ashbach introduced—

S. F. No. 1565: A bill for an act relating to health; requiring abortion providers to give counseling related to sexual reproduction and birth control methods; providing state aid for those counseling services; appropriating money.

Referred to the Committee on Health, Welfare and Corrections.

Mr. Stokowski introduced—

S. F. No. 1566: A bill for an act relating to insurance; requiring certain property owners to file reports; providing for a late report penalty; appropriating money.

Referred to the Committee on Commerce.

#### EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received and referred to the committee indicated.

April 26, 1979

The Honorable Edward J. Gearty  
President of the Senate

Dear Sir:

The following appointment to the Public Employment Relations Board is hereby respectfully submitted to the Senate for confirmation as required by law:

Sidney S. Feinberg, 4370 Brookside Court, Edina, Hennepin County, has been appointed by me, effective April 26, 1979, for a term expiring the first Monday in January, 1983.

(Referred to the Committee on Governmental Operations.)

Sincerely,

Albert H. Quie, Governor

May 7, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
218		70	May 7	May 7
362		71	May 7	May 7
538		72	May 7	May 7
737		73	May 7	May 7
1149		74	May 7	May 7

Sincerely,

Joan Anderson Growe  
Secretary of State

#### 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. 660, 708 and 980.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 9, 1979

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. 528: A bill for an act relating to courts; conforming civil fees collected by the Hennepin county municipal court with

the district court; amending Minnesota Statutes 1978, Section 488A.03, Subdivision 11.

Senate File No. 528 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 9, 1979

Mr. Davies moved that S. F. No. 528 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H. F. No. 699.

Edward A. Burdick, Chief Clerk, House of Representatives  
Transmitted May 9, 1979

#### FIRST READING OF HOUSE BILLS

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

H. F. No. 699: A bill for an act relating to labor; increasing the minimum wage; providing for future increases; amending Minnesota Statutes 1978, Sections 177.23, Subdivision 7; and 177.24, Subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 352, now on Special Orders.

#### REPORTS OF COMMITTEES

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

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

S. F. No. 474: A bill for an act relating to taxation; income tax; providing a renewable energy credit; amending Minnesota Statutes 1978, Section 290.06, by adding a subdivision.

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

Page 1, line 10, delete "20" and insert "15"

Page 1, line 12, after the comma, insert "*including the expenditures described in clauses (a), (b) and (d) if*"

Page 1, line 13, delete "*in a taxable year*" and insert "*and expenditures for biomass conversion equipment described in clause (c)*"

Page 1, line 15, after "year" insert "*in which the expenditures were made*"

Page 1, line 15, after the period insert "*In the case of qualifying expenditures incurred in connection with a building under construction by a contractor, the credit shall be deducted from the tax liability of the first individual to purchase the home for use as a principal residence; the contractor shall not be eligible for the credit given pursuant to this subdivision for that expenditure.*"

Page 3, line 11, delete "*with respect to a*"

Page 3, delete line 12

Page 3, line 13, delete the language before the comma

Page 3, line 14, delete "*credit allowable for each kind of*" and insert "*maximum*" and after "*for*" insert "*which a taxpayer may qualify for a credit under this subdivision in subsequent years*"

Page 3, line 15, delete "*the current taxable year*" and after "*be*" insert "*\$10,000*"

Page 3, line 16, delete "*of that kind taken into account*" and insert "*for which a credit was claimed pursuant to this subdivision*"

Page 3, line 19, delete the language after the period

Page 3, delete line 20

Page 3, line 22, after "*credit*" insert "*shall not be refunded but*"

Page 4, line 10, delete "*the tax*" and insert "*taxable*"

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

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

S. F. No. 471: A bill for an act relating to taxation; providing that joint tenants may apportion property tax refund claims; amending Minnesota Statutes 1978, Section 290A.03, Subdivisions 8 and 13.

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

Page 2, line 17, after "*persons*" insert "*who are related by blood or by marriage other than as husband or wife*"

Page 2, line 19, after the first "*each*" insert "*or, if their shares of ownership are not equal, shall be deemed to be payable in proportion to their ownership,*"

Page 2, line 19, delete "*may*" and insert "*shall*"

Page 2, line 27, after "*payable*" insert "*, homestead credit given*"

Page 2, line 28, delete "*their combined incomes shall be included in*"

Page 3, line 17, strike everything after the period

Page 3, lines 18 to 25, strike the old language and delete the new language

Page 3, after line 29, insert:

"Sec. 3. Minnesota Statutes 1978, Section 290A.05, is amended to read:

290A.05 [COMBINED HOUSEHOLD INCOME.] If a person occupies *but does not own* a homestead as a joint tenant or tenant in common with another person or persons not related to the person as husband and wife, excluding dependents, roomers or boarders on contract, and has property tax payable with respect to the homestead, the household income of the claimant or claimants for the purpose of computing the refund allowed by section 290A.04 shall include the total income received by the other persons residing in the homestead. If a person occupies a homestead with another person or persons not related as husband and wife or as dependents, the property tax payable or rent constituting property tax shall be reduced as follows:

If the other person or persons are residing at the homestead under rental or lease agreement, the amount of property tax payable or rent constituting property tax shall be that portion not covered by the rental agreement."

Page 3, line 30, delete "Sections 1 and 2 are" and insert "This act is"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete "may" and insert "shall"

Page 1, line 4, delete "Section" and insert "Sections"

Page 1, line 5, after "13" insert "; and 290A.05"

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

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

S. F. No. 337: A bill for an act relating to taxation; increasing the amount of deductible losses from out-of-state property; amending Minnesota Statutes 1978, Section 290.17, Subdivision 1.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, 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 expenditure resulted in a tax benefit;

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

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

(7) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) In the case of property disposed of on or after January 1, 1973, the amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954, as amended through December 31, 1976, to the extent of the credit under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, that was previously allowed

as a deduction either under section 290.01, subdivision 20 (b) (7) 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;

(12) 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;

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

(14) 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) To the extent included in federal adjusted gross income, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code of 1954, as amended through December 31, 1977. The maximum amount of this subtraction shall be \$7,200 less the sum of (a) social security retirement benefits received during the taxable year, (b) railroad retirement benefits received during the taxable year, and (c) the amount by which the individual's federal adjusted gross income exceeds \$13,000. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be \$7,200 less the sum of social security retirement benefits and railroad retirement benefits; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$13,000;

(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;

(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) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed after December 31, 1977 and before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60 ; and

(10) *The amount of any income earned for personal services rendered prior to the date when the taxpayer became a resident of Minnesota .*

(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. Minnesota Statutes 1978, Section 290.095, Subdivision 4, is amended to read:

Subd. 4. [COMPUTATION AND MODIFICATIONS.] The following modifications shall be made in computing a net operating loss in any taxable year and also in computing the taxable net income for any taxable year before a net operating loss deduction shall be allowed:

(a) Deductions otherwise allowable in computing taxable net income, but which are not attributable to the operation of a trade or business regularly carried on by the taxpayer, shall be allowed only to the extent of the amount of the gross income, not derived from such trade or business, included in computing such taxpayer's taxable net income.

(b) There shall be included in computing the gross income used in computing taxable net income the amount of the interest, excludable from gross income under section 290.08, that would be treated as assignable to this state, decreased by the amount of interest paid or accrued to purchase or carry the investments earning such interest to the extent that such interest would not have been deductible in computing the taxpayer's taxable net income.

(c) No deduction shall be allowed for or with respect to losses connected with income producing activities if the income therefrom would not be required to be either assignable to this state or included in computing the taxpayer's taxable net income which constitute tax preference items as set forth in section 290.17, subdivision 1.

(d) A net operating loss deduction shall not be allowed.

(e) The amount deductible on account of losses from sales or exchanges of capital assets shall not exceed the amount includible on account of gains from sales or exchanges of capital assets. The deduction for long-term capital gains provided by section 290.16, subdivision 4, shall not be allowed.

(f) Renegotiation of profits for a prior taxable year under the renegotiation laws of the United States of America, including

renegotiation of the profits with a subcontractor, shall not enter into the computation.

(g) Federal income and excess profits taxes shall not be allowed as a deduction.

Sec. 3. Minnesota Statutes 1978, Section 290.17, Subdivision 1, is amended to read:

290.17 [GROSS INCOME, ALLOCATION TO STATE.] Subdivision 1. [INCOME OF RESIDENT INDIVIDUALS, ESTATES AND TRUSTS.] ~~(a)~~ The gross income of individuals during the period of time when they are residents of Minnesota and the gross income of resident estates and trusts shall be their gross income as defined in section 290.01, subdivision 20, *except that the amount of otherwise deductible losses incurred in connection with income derived from sources outside the state shall be reduced by the sum of the taxpayer's items of tax preference as defined in section 57 of the Internal Revenue Code of 1954, as amended through December 31, 1978, which are attributable to losses incurred in connection with sources of income outside the state.*

~~(b)~~ Deductions for losses incurred in connection with income derived from sources outside the state which is included in an individual's gross income pursuant to this subdivision, may be taken only to the extent of the amount of income derived from sources outside the state in the taxable year during which the loss was incurred.

~~(c)~~ Any deductions for losses which could not be taken in the three immediately preceding taxable years because of the provisions of clause ~~(b)~~, may be taken to reduce any net income derived from sources outside the state which remain after application of clause ~~(b)~~ for income earned and deductions for the current taxable year; provided, however, that any deductions allowable pursuant to this clause ~~(c)~~ may be taken only to the extent of the amount of net income remaining after the application of clause ~~(b)~~.

Sec. 4. Minnesota Statutes 1978, Section 290.23, is amended by adding a subdivision to read:

Subd. 16. [INCOME FROM OUT-OF-STATE PROPERTY.] *There shall be allowed as a deduction in computing the taxable net income of a trust or an estate the amount of income or gains from tangible personal or real property having a situs outside this state allocated to this state according to the provisions of section 290.17, subdivision 1.*

Sec. 5. [EFFECTIVE DATE.] Section 2 is effective for losses incurred in taxable years beginning after December 31, 1978. Section 3 is effective for taxable years beginning after December 31, 1978. The remainder of this act is effective for taxable years beginning after December 31, 1977."

Amend the title as follows:

Page 1, delete lines 2 to 5 and insert "relating to taxation; providing for allocation of items of income to the state; restricting the deduction of net operating losses incurred in connection with out-of-state sources; providing a deduction for trust and estate income from out-of-state sources; amending Minnesota Statutes 1978, Sections 290.01, Subdivision 20; 290.095, Subdivision 4; 290.17, Subdivision 1; and 290.23, by adding a subdivision."

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. 1109: A bill for an act relating to natural resources; reducing local match required for dam repair and reconstruction grants; authorizing loans for local share of project costs; authorizing sale of bonds for loan program; appropriating money; amending Minnesota Statutes 1978, Section 105.482, Subdivisions 3 and 5, and by adding a subdivision.

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

Page 4, line 6, delete "*general*" and insert "*state building*"

Page 4, line 11, delete "*general*" and insert "*state building*"

Page 4, line 29, delete "*subdivision 4*" and insert "*subdivisions 2, 3, and 4*"

Page 4, line 31, delete "\$1,396,350" and insert "\$3,275,000"

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. 1465: A bill for an act relating to pollution; authorizing water pollution control fund grants for certain wastewater treatment projects; providing for use of state and federal funds in certain proportions; authorizing issuance of Minnesota state water pollution control bonds; appropriating money; amending Minnesota Statutes 1978, Section 116.18, Subdivisions 1 and 4.

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. 664: A bill for an act relating to the state transportation system; authorizing the issuance and sale of Minnesota state transportation bonds; authorizing the expenditure of the proceeds for grants for construction and reconstruction of certain bridges and for certain preliminary studies; appropriating money; amend-

ing Minnesota Statutes 1978, Section 174.50, by adding a subdivision.

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

Page 1, line 17, delete "\$54,000,000" and insert "\$52,000,000"

Page 2, line 2, delete "\$54,000,000" and insert "\$52,000,000"

Page 2, after line 19, insert:

*"At least five percent of this amount shall be used for bridges that also serve as water control structures."*

Page 2, after line 22, insert:

*"At least five percent of this amount shall be used for bridges that also serve as water control structures."*

Page 2, line 28, delete "\$4,000,000" and insert "\$2,000,000"

Page 2, line 33, delete "and"

Page 3, line 1, delete "environmental" and insert "of a river crossing which requires extensive"

Page 3, line 1, delete "necessary" and insert "and evaluations"

Page 3, line 2, delete "a"

Page 3, delete line 3

Page 3, line 4, delete "subdivision" and insert "the crossing"

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. 317: A bill for an act relating to highway traffic regulations; passing a stopped school bus displaying stop arm signals; providing remedies; prescribing penalties; amending Minnesota Statutes 1978, Section 169.44, by adding a subdivision.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 169.44, is amended by adding a subdivision to read:

*Subd. 1a. (1) A peace officer may arrest the driver of a motor vehicle if the peace officer has probable cause to believe that the driver has operated the vehicle in violation of subdivision 1 within the past two hours.*

*(2) The owner or, in the case of a leased vehicle, the lessee of a motor vehicle, may be fined not to exceed \$100, if a motor vehicle owned or leased by the person is operated in violation of*



*subdivision 1. The owner or lessee may not be so fined if the motor vehicle was stolen, or if conviction of another is had for a violation of subdivision 1. This subdivision does not apply to a lessor of a motor vehicle if the lessor keeps a record of the name and address of the lessee. This subdivision does not prohibit or limit the prosecution of a motor vehicle operator for violating subdivision 1. A violation of this clause does not constitute grounds for revocation or suspension of the owner's driver's license."*

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. 521: A bill for an act relating to domestic abuse; authorizing judicial intervention to provide protection from domestic abuse; prescribing penalties.

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

Page 1, line 7, after "Section 1." insert "[518B.01]"

Page 1, line 8, delete "protection from"

Page 1, line 9, delete "section" and insert "act"

Page 2, line 2, delete "district or"

Page 2, line 3, delete "county court" and insert "the court having jurisdiction over dissolution actions"

Page 2, line 6, delete "an application" and insert "a petition"

Page 2, line 8, delete "An application" and insert "A petition"

Page 2, line 12, delete "An application" and insert "A petition"

Page 2, line 16, delete "An application" and insert "A petition"

Page 2, line 29, delete "application" and insert "petition"

Page 3, line 10, delete "the petitioner" and insert "a spouse"

Page 3, line 12, after "parties" insert ", if married, or if there are minor children"

Page 3, line 13, delete "such"

Page 3, line 14, delete "applicant" and insert "petitioner"

Page 3, line 21, delete "applicant" and insert "petitioner"

Page 3, line 23, delete "such"

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

Page 4, line 2, delete "application" and insert "petition"

Page 4, line 8, delete "applicant" and insert "petitioner"

Page 4, line 9, delete "applicant" and insert "petitioner"

Page 4, line 10, delete "applicant" and insert "petitioner"

Page 4, line 24, delete "applicant" and insert "petitioner"

Page 5, delete lines 5 to 7

Page 5, line 8, delete "(c)" and insert "(b)"

Page 5, after line 10, insert:

"Subd. 15. Any testimony offered by a respondent in a hearing pursuant to this section is inadmissible in a criminal proceeding."

Renumber the subdivisions in sequence

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. 797: A bill for an act relating to juveniles; juvenile traffic offenders; requiring prosecution of juveniles who commit minor traffic offenses under laws controlling adult offenders; amending Minnesota Statutes 1978, Sections 260.111, Subdivision 1; 260.115, Subdivision 1; 260.121, Subdivision 3; and 260.193.

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

Page 3, line 29, after "169.91" insert "*and shall make reasonable effort to notify the child's parent or guardian of the nature of the charge*"

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. 1280: A bill for an act relating to mobile homes; regulating space and lot rentals and leases; prohibiting unreasonable park rules and regulations; requiring notice; specifying grounds for eviction and access; prohibiting retaliatory conduct; amending Minnesota Statutes 1978, Sections 327.42, Subdivisions 1 and 2; 327.43, Subdivision 2, and by adding a subdivision; 327.44; and Chapter 327, by adding sections.

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

Pages 1 to 3, delete section 1

Page 4, line 1, delete "*or impose undue*"

Page 4, line 2, delete "*hardship on the tenant*"

Page 4, line 2, after the period, insert "*A reasonable rent increase or a modification of the lease or rental agreement resulting*"

*from governmental action shall not be construed as a substantial modification of the lease or rental agreement."*

Page 4, after line 2, insert:

"Sec. 2. Minnesota Statutes 1978, Section 327.42, is amended by adding a subdivision to read:

*Subd. 3. Entry into an agreement pursuant to this section shall not be deemed a waiver of any rights or privileges guaranteed by law to the mobile home park owner or tenant.*

Sec. 3. Minnesota Statutes 1978, Section 327.42, is amended by adding a subdivision to read:

*Subd. 4. The following notice printed verbatim in boldface type of a minimum size of 10 points shall be provided to prospective tenants before they sign leases or rental agreements:*

### **"IMPORTANT NOTICE**

*Your lease or rental agreement will set forth your rights and duties as well as the rights and duties of this mobile home park.*

*You may stay in the park for the term of your lease as long as it is in operation and you meet your financial obligations, obey state and local laws regarding mobile home parks, abide by park rules or regulations, meet any other obligations in the agreement and do not substantially annoy or endanger other tenants or substantially damage the park premises.*

*You cannot be evicted until you have received written notice for the eviction and have been given*

*(a) the time the ordinance, law or regulation provides to comply with a local ordinance, state law or regulation relating to mobile homes or a reasonable time if the ordinance, law or regulation provides no time, or*

*(b) 30 days to comply with the terms and conditions of the lease or rental agreement, except for nonpayment of rent.*

*If you have substantially annoyed or endangered other tenants or have caused substantial damage to the mobile home park premises, you will have 30 days after receipt of written notice to move out of the park. However, if during the 30 day period you substantially annoy or endanger other tenants or damage the park premises, you may be evicted immediately.*

*If you have been served with an eviction notice and you refuse to vacate the mobile home park, the park owner may commence a legal proceeding against you. If the judge or jury decides in your favor, you may stay within the park. However, if the judge or jury decides in favor of the park owner, a sheriff may move you and your belongings out of the park within 24 hours.*

*The mobile home park must give you 60 days written notice of any change in the terms or conditions of the agreement.*

*Rules or regulations of the park must not be unreasonable.*

*Changes made in rules or regulations after you enter into this agreement will not apply to you if they substantially change your agreement.*

*The mobile home park may not charge you more for utilities than the rate which is charged to single-family dwellings in the same utility service area for comparable service or more than the rate which you could pay directly for the same utility service from some other comparable source in the same market area.*

*The park may charge you no fee for a space or lot except rent plus reasonable charges for goods and services furnished you at the expense of the park in setting up your home on the space or lot.*

*Security deposits for damage to property or for default in the agreement may not exceed two months' rent.*

*If you decide to sell your mobile home and it is more than 15 years old, the park owner may insist that you move your home from the park after its sale.*

*You may not be evicted or have your rent increased or your services decreased for reporting to the Minnesota department of health, the Minnesota attorney general or other appropriate governmental agency any violation of law or health or building code.*

*You must receive written notice six months in advance if the park voluntarily ceases or partially ceases operation or 90 days' written notice if your home must be moved to enable the park owner to make improvements to the park premises.*

*State laws governing mobile home park rentals and leases may be enforced by the Minnesota attorney general."*

*Park owners shall also provide the notice to persons who are park tenants on August 1, 1979."*

Page 4, line 9, delete "if manufactured"

Page 4, lines 10 and 11, delete the new language

Page 4, line 21, delete everything after the period

Page 4, delete lines 22 and 23

Page 5, line 1, delete "90 days" and insert "the time the ordinance, law or regulation provides or, if no time is provided, within a reasonable time"

Page 5, line 2, delete "from the governmental agency"

Page 5, line 5, delete "by certified"

Page 5, line 6, delete "mail"

Page 5, line 6, after "noncompliance" insert ", except the 30 day notice shall not apply to nonpayment of rent"

Page 5, line 6, delete "or"

Page 5, line 7, after "operate" insert "all or part of"

Page 5, line 9, strike the period and insert ";

*(d) The tenant conducts himself upon the mobile home park premises in a manner which substantially annoys or endangers the health or safety of other tenants or causes substantial damage to the mobile home park premises and has received 30 days written notice to vacate, except the park owner may require the tenant to vacate immediately if the tenant violates this clause a second or subsequent time after receipt of the notice;*

*(e) The mobile home park owner intends to make improvements to the mobile home park premises which necessitate removal of the tenant's mobile home from the park and the tenant has received 90 days' written notice; or*

*(f) A lease of a term of at least one year expires and the lessor seeks to recover possession within 15 days after expiration."*

Page 5, line 15, delete "space or lot" and insert "park premises"

Page 5, line 28, delete "or threaten to bring"

Page 5, line 30, after "(a)" insert "Good faith"

Page 5, line 32, after the semicolon insert "or"

Page 5, delete line 33

Page 6, delete line 1

Page 6, line 2, after "(c)" insert "Good faith"

Page 6, line 5, delete "120" and insert "90"

Page 6, line 6, delete "120" and insert "90"

Reletter the clauses in sequence

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, delete "Subdivisions 1 and" and insert "Sub-division"

Page 1, line 8, after the first "2" insert ", and by adding subdivisions"

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. 1370: A bill for an act relating to crimes; prohibiting the obtaining or retaining of a child in violation of a court order; prescribing penalties; amending Minnesota Statutes 1978, Section 609.26.

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

Page 1, line 11, delete "*knowingly*" and reinstate "*intentionally*"

Page 1, line 11, delete "*conceals,*"

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

Page 1, line 16, delete "*visitation*"

Page 1, line 16, strike "*to imprisonment for not more*"

Page 1, strike line 17

Page 1, line 18, strike "\$2,000, or both" and insert "*as provided in subdivision 5*"

Page 1, line 19, delete "*conceals,*"

Page 1, line 22, delete "*to*" and insert "*as provided in subdivision 5.*"

Page 2, delete lines 1 and 2

Page 2, line 9, delete "*charge*" and insert "*custody*"

Page 2, line 9, after the period, insert "*In addition to any sentence imposed,*"

Page 2, after line 11, insert:

"*Subd. 5. Whoever violates this section may be sentenced as follows:*

*(1) To imprisonment for not more than 90 days or to payment of a fine of not more than \$500, or both, if he voluntarily returns the child within 14 days after he obtains or retains the child in violation of this section; or*

*(2) Otherwise to imprisonment for not more than one year and one day or to payment of a fine of \$1,000, or both."*

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. 1144 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

#### SPECIAL ORDERS      CONSENT CALENDAR      CALENDAR

H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
1144	1119				

and that the above Senate File be indefinitely postponed.

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

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

H. F. Nos. 1563, 1324 for comparison with companion Senate Files, reports the following House Files were found not identical with their companion Senate Files as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
1563	1540				
1324	1484				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 1563 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. [TRANSPORTATION; APPROPRIATIONS.] The sums set forth in the columns designated "APPROPRIATIONS" are appropriated from the trunk highway fund, or any other fund designated, to the commissioner of transportation for the purposes specified in the following sections of this act, to be available for the fiscal years indicated for each purpose. The figures "1980" and "1981", wherever used in this act, mean that the appropriation or appropriations listed thereunder are available for the year ending June 30, 1980 or June 30, 1981, respectively.

#### SUMMARY BY FUND

	1980	1981	TOTAL
General	\$24,998,400	\$25,419,200	\$50,417,600
Airports	9,223,900	8,521,300	17,745,200
M.S.A.S.	30,800,000	30,800,000	61,600,000
C.S.A.H.	94,225,000	94,225,000	188,450,000
Tr. Hwy., Net	328,903,000	298,982,300	627,885,300
	\$488,150,300	\$457,947,800	\$946,098,100

#### APPROPRIATIONS

Available for the year  
Ending June 30,

1980	1981
\$	\$

#### Approved Complement—4787

The approved complement includes 11 unclassified positions in the transit administration activity for this biennium only.

1980

1981

**Sec. 2. POLICY AND PLANNING .. \$4,165,700 \$4,163,700**

The amounts that may be expended from this appropriation for each activity are as follows:

**Transportation Development**

1980

1981

**\$1,309,000 \$1,307,000**

**Transportation Services**

**\$2,856,700 \$2,856,700**

\$55,000 the first year and \$55,000 the second year are for bicycle trail planning and programming.

**Sec. 3. HIGHWAY OPERATIONS .. 408,701,700 385,030,000**

The amounts that may be expended from this appropriation for each activity are as follows:

**Highway Maintenance**

**\$70,098,700 \$69,951,300**

**Maintenance Preservation**

**\$2,895,000 \$4,710,000**

**District Construction Support**

**\$29,009,300 \$29,165,300**

**Highway Improvement**

**\$167,510,200 \$143,474,400**

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways. This includes the cost of actual payment to land owners for lands acquired for highway right of way, payment to lessees, interest subsidies, and relocation expenses.

Upon enactment of this act the commissioner shall spend no money to acquire highway advertising devices pursuant to Minnesota Statutes, Section 173.17, or junkyards, except those for which acquisition proceedings were begun before enactment of this act.

\$445,000 each year is from the general fund for the development of bicycle trails



1980

1981

\$

\$

primarily on existing road rights of way and for grants to local units of government for bicycle trails pursuant to section 160.265.

The appropriation of the proceeds of state transportation bonds in Laws 1977, Chapter 277, Section 3, Subdivision 2 is available until expended.

#### County State Aids

\$94,225,000 \$94,225,000

This appropriation is from the county state-aid highway fund and is available until expended.

#### Municipal State Aids

\$30,800,000 \$30,800,000

This appropriation is from the municipal state-aid street fund and is available until expended.

If an appropriation for either county state aids or municipal state aids is insufficient to exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance, upon request of the commissioner of transportation, shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the remainder and shall then add that amount to the appropriation. The amount added is appropriated for the purposes of county state aids or municipal state aids, as appropriate.

#### Highway Debt Service

\$14,163,500 \$12,704,000

If this appropriation is insufficient to pay all principal and interest coming due in the year for which it is made, the commissioner of finance shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the deficiency and shall then pay that amount pursuant to the statutory appropriation.

	1980	1981
	\$	\$
<b>Sec. 4. PUBLIC TRANSPORTATION OPERATIONS</b> .....	24,165,300	25,165,300

The amounts that may be expended from this appropriation for each activity are as follows:

**Transportation Rates and Regulation**

\$501,800      \$501,800

**Transit Administration**

\$388,000      \$388,000

**Transit Assistance Grants**

\$21,765,000    \$21,765,000

This appropriation is from the general fund.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$8,340,000 each year is for performance funding payments by the commissioner.

\$4,900,000 each year is for social fare reimbursement grants.

For the biennium ending June 30, 1981 there shall be no retainage on performance funding or social fare grant payments to the metropolitan transit commission.

\$750,000 each year is for public transit subsidy grants to private operators within the metropolitan area.

Until the rules required by section 174.24, subdivision 3, as amended by this act, are adopted, the commissioner shall base subsidies upon the standards already developed and contained in the report "Recommendations for Regular Route Service Standards: Private Operators—Metro Area."

If a private operator discontinues service, the metropolitan transit commission shall assume responsibility for providing service without interruption to the area formerly served by the private operator. The unearned portion of any encumbrance within this appropriation allocated for payments to that private operator

	1980	1981
	\$	\$
shall be transferred to the appropriation for performance funding payments to the metropolitan transit commission.		
\$2,000,000 each year is for public transit subsidy grants outside the Twin Cities metropolitan area.		
\$375,000 each year is for regular route transit improvement grants. This amount is available until expended.		
\$2,500,000 each year is for MTC project mobility.		
\$500,000 each year is for paratransit grants for payment to the Twin Cities metropolitan transit commission. This amount is available until expended.		
\$2,250,000 each year is for paratransit services statewide, excluding the metropolitan transit commission.		
\$150,000 each year is for public transit capital grants.		
The commissioner of transportation may transfer appropriations among the items in this activity, except the amount for special services for the handicapped, with the approval of the governor after consultation with the legislative advisory commission.		
Railroads, Ports and Pipelines		
\$510,500	\$510,500	
Rail Service Improvement Grants		
\$1,000,000	\$2,000,000	
This appropriation is from the general fund to the rail service improvement account.		
Sec. 5. AERONAUTICS OPERATIONS .....	9,190,300	8,487,700
The amounts that may be expended from this appropriation for each activity are as follows:		
Aeronautics Operations		
\$279,300	\$279,300	
Aeronautics Development and Assistance		

	1980	1981
	\$	\$
\$8,346,600	\$7,646,600	

\$6,075,000 the first year and \$5,375,000 the second year is for airport construction grants.

\$1,001,400 each year is for airport maintenance grants.

\$564,100 each year is for navigational aids.

Reimbursements from municipalities for striping runways shall be deposited in the state airports fund.

The appropriations for construction grants, maintenance grants, and navigational aids are from the state airports fund. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. These appropriations shall be expended only for grant-in-aid programs for airports that are not state owned, and for the construction of an equipment storage facility at the state owned airport at Pine Creek at a cost not to exceed \$30,000. These appropriations are to be expended in accordance with Minnesota Statutes, Section 360.305, Subdivision 4, Clauses (1), (2), (4) and (5).

The commissioner of transportation may transfer unencumbered balances among the appropriations for construction grants, maintenance grants, and navigational aids with the approval of the governor after consultation with the legislative advisory commission.

Notwithstanding the provisions of Minnesota Statutes, Section 360.021, Subdivision 1, or any other law to the contrary, the commissioner of transportation shall acquire no additional state airports, nor shall he establish any additional state-owned airports during the biennium ending June 30, 1981.

No money shall be expended by the commissioner of transportation under the appropriations made in this section, or any other law, for land acquisition, or for the construction, improvement, maintenance of airports, or for air navigation facilities

1980

1981

\$

\$

for an airport, unless the governmental unit involved has or is establishing a zoning authority for that airport, and the authority has made a good faith showing that it is in the process of and will complete with due diligence, an airport zoning ordinance in accordance with Minnesota Statutes, Sections 360.061 to 360.074. Notwithstanding the foregoing prohibition, the commissioner may continue to maintain the state owned airport at Pine Creek, and may construct an equipment storage facility there.

The commissioner of transportation shall make maximum use of zoning and easements to eliminate runway and other potential airport hazards rather than land acquisition in fee.

#### Air Transportation Services

\$90,700      \$90,700

#### Aeronautics Debt Service

\$473,700      \$471,100

This appropriation is from the state airports fund.

If this appropriation is insufficient to pay all principal and interest coming due in the year in which it is made, the commissioner of finance shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the deficiency and shall then pay that amount pursuant to the statutory appropriation.

#### Sec. 6. TECHNICAL SUPPORT SERVICES .....

24,982,300    21,373,100

The amounts that may be expended from this appropriation for each activity are as follows:

#### Operations Management

\$315,800      \$310,800

#### Engineering Services

\$18,597,200    \$15,142,900

	1980	1981
	\$	\$
Construction and Engineering Development Support		
\$4,580,400	\$4,430,500	
\$150,000 the first year is paid in capital for the federal-state research account.		
State Aid Technical Assistance		
\$310,700	\$310,700	
Electronic Communications		
\$1,178,200	\$1,178,200	
Sec. 7. GENERAL SUPPORT . . . . .	16,365,800	13,728,000

The amounts that may be expended from this appropriation for each activity are as follows:

#### Administration

    \$5,244,000      \$5,194,000

\$50,000 the first year is for the training center revolving account for initial operating expenses.

#### Government and Community Relations

    \$364,200      \$364,200

#### Equipment

    \$7,567,600      \$5,281,800

#### General Services

    \$2,625,800      \$2,323,800

#### Legal Services

    \$564,200      \$564,200

This appropriation is for the purchase of legal services from or through the attorney general.

#### Sec. 8. TRANSFERS

The commissioner of transportation with the approval of the commissioner of finance may transfer unencumbered balances among the appropriations from the trunk highway fund made in this act.

No transfer shall be made from the appropriation for highway improvement, except to the appropriation for highway

	1980	1981
\$		\$

maintenance, nor shall any transfer be made from highway maintenance, except with the approval of the governor after consultation with the legislative advisory commission.

No transfer shall be made from the appropriations for debt service to any other appropriation.

Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

#### Sec. 9. CONTINGENT APPROPRIATION

The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission, may transfer all or part of the unappropriated balance in the trunk highway fund to the appropriation for highway improvement or for highway maintenance in order to meet an emergency or to take advantage of an unanticipated receipt of income to the trunk highway fund. The amount transferred is appropriated for the purpose of the account to which it is transferred.

#### Sec. 10. REIMBURSEMENT

Subdivision 1. The sums of \$1,209,200 for the first year and \$1,209,200 for the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1980 and January 1, 1981, respectively, in order to reimburse the trunk highway fund for expenses not related to trunk highways.

These represent amounts appropriated out of the trunk highway fund for general fund purposes as follows: bicycle trail planning and programming; transportation rates and regulation; transit administration; railroads, ports and pipelines, and general services.

Subd. 2. The sums of \$1,109,700 for the first year and \$1,109,700 for the second year are appropriated from the state air-

	1980	1981
	\$	\$

ports fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1980 and January 1, 1981, respectively, in order to reimburse the trunk highway fund for expenses not related to trunk highways.

These represent amounts appropriated out of the trunk highway fund for aeronautics purposes in section 5, and for general services in section 7.

Sec. 11. [ACCESS ROAD TO STILLWATER PRISON.] *The sum of \$260,000 is appropriated from the general fund to the county of Washington for improving county road 67 from upper 56th Street North to the entrance to Stillwater state prison. Property on the west side of this stretch of county road 67 now under the control of the commissioner of natural resources and needed for temporary and permanent right of way for county road 67, 2.75 acres more or less, shall be transferred to the control of the commissioner of corrections. That property and property on the east side of this stretch of county road 67 now under the control of the commissioner of corrections and needed for temporary slope easements and permanent right of way for county road 67, 3.01 acres more or less, shall be conveyed without consideration by the commissioner of corrections by a deed in a form approved by the attorney general to the county of Washington for highway purposes.*

Sec. 12. [ACCESS ROAD TO THISTLEDEW CORRECTIONS CAMP.] *The sum of \$319,200 is appropriated from the general fund to the commissioner of corrections for grading, graveling and widening of the existing access road from state trunk highway marked No. 65 to the Thistledeew Corrections Camp.*

Sec. 13. Minnesota Statutes 1978, Section 3.30, Subdivision 2, is amended to read:

Subd. 2. [MEMBERS; DUTIES.] ~~The chairman~~ *chairmen of the senate committee committees on taxes and tax laws, the chairman of the senate committee on finance, and governmental operations, the majority and minority leaders of the senate, the chairman chairmen of the house committee committees on taxes and tax laws, and the chairman of the house committee on appropriations, and governmental operations, and the speaker and minority leader of the house, or their designees, shall constitute the legislative advisory commission. The governor shall preside over the meetings of the commission but shall not be a member thereof. If any of the legislative members elect not to serve on the commission, the house of which they are members, if in session, shall select some other member for such vacancy. If the legislature is not in session, vacancies in the legislative membership of the commission shall be filled 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, and*



by the last senate committee on committees or other appointing authority designated by the senate rules in case of a senate vacancy. The commissioner of finance shall act as secretary of the commission and shall keep a permanent record and minutes of its proceedings, which shall be public records. The commissioner of finance shall transmit, under the provisions of section 3.195, a report to the next legislature of all actions of said commission. The members of the commission shall receive traveling and subsistence expenses in attending meetings of the commission. The commission shall meet from time to time upon the call of the governor or upon the call of the secretary at the request of three or more of its members.

Sec. 14. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.3005] [FEDERAL MONEY: EXPENDITURE REVIEW.]  
*Subdivision 1. As used in this section, the term "state agency" means all agencies in the executive branch of state government, but does not include the Minnesota historical society, the University of Minnesota, state universities, or community colleges.*

*Subd. 2. Except as provided in subdivision 4, a state agency shall not expend money received by it under any federal law for any purpose unless a request to spend federal money from that source for that purpose in that fiscal year has been submitted by the governor to the legislature as a part of his biennial budget request or as part of a supplementary or deficiency budget request, or unless specifically authorized by law.*

*Subd. 3. When a request to spend federal money has been included in the governor's budget or authorized by law as described in subdivision 2, but the state agency proposes to use the federal money to hire state employees in addition to the number included in the governor's budget request or authorized by law, or the amount of federal money received will require a state match greater than that included in the governor's budget request or authorized by law, the additional personnel shall not be hired and the federal money that will require an additional state match shall not be allotted for expenditure until the state agency has first presented to the legislative advisory commission a request in the manner of a budget request and has received the recommendation of the commission on it. Failure or refusal of the commission to make a recommendation promptly is deemed a negative recommendation.*

*Subd. 4. If federal money becomes available to the state for expenditure while the legislature is not in session, and the availability of money from that source or for that purpose or in that fiscal year could not reasonably have been anticipated and included in the governor's budget request, and an urgency requires that all or a portion of the money be allotted before the legislature reconvenes, the amount of money subject to the urgency may be allotted to a state agency after it has submitted to the legislative advisory commission a request in the manner of a budget request and has received the commission's recommendation on it. Failure*

*or refusal of the commission to make a recommendation within 30 days is deemed a negative recommendation.*

Sec. 15. [161.52] [FEDERAL-STATE RESEARCH ACCOUNT.] *Money appropriated to the federal-state research account may be used to advance state money for approved federal research projects that will be reimbursed in full with non-state money. The commissioner may receive money from state or local governmental agencies to be used for these projects. All reimbursements shall be deposited in the state treasury and are appropriated to this account to be available until the end of the fiscal biennium during which they are received.*

Sec. 16. Minnesota Statutes 1978, Section 174.23, Subdivision 2, is amended to read:

Subd. 2. [FINANCIAL ASSISTANCE.] The commissioner shall seek out and select eligible recipients of financial assistance under sections 174.21 to 174.27. The commissioner shall establish by rule the procedures and standards for review and approval of applications for financial assistance submitted to the commissioner pursuant to sections 174.21 to 174.27. Any applicant shall provide to the commissioner any financial or other information required by the commissioner to carry out his duties. The commissioner may require local contributions from applicants as a condition for receiving financial assistance. *Before the commissioner shall not approve approves any grant unless: (1) the application for the grant has been shall be reviewed and approved by the appropriate regional development commission or the metropolitan council only for consistency with regional transportation plans and development guides ; and (2) in the case of a project to be operated in the metropolitan area. If an applicant proposes a project within the jurisdiction of any transit authority or commission or any transit system assisted or operated by a city or county the application has been shall also be reviewed by the metropolitan transit that commission , authority or political subdivision for consistency with its transportation development program transit programs, policies and plans. Any regional development commission that has not adopted a transportation plan may review but may not approve or disapprove of any application.*

Sec. 17. Minnesota Statutes 1978, Section 174.24, Subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY; APPLICATIONS.] Any legislatively established public transit commission or authority, any county or statutory or home rule charter city providing financial assistance to or operating public transit, any private operator of ~~regular route~~ public transit, or any combination thereof is eligible to receive financial assistance through the public transit subsidy program.

Sec. 18. Minnesota Statutes 1978, Section 174.24, Subdivision 3, is amended to read:

Subd. 3. [FINANCIAL ASSISTANCE.] Payment of financial assistance shall be by contract between the commissioner and an eligible recipient. The commissioner shall determine the operating

deficit of any public transit system receiving or applying for assistance in accordance with generally accepted accounting principles, provided that any financial assistance received from any agency of the federal government for the operation of a public transit system shall be treated as revenue for the purposes of determining the operating deficit. *To be eligible for financial assistance an applicant or recipient shall provide to the commissioner all financial records and other information and shall permit any inspection reasonably necessary to determine the amount of assistance which may be paid to the applicant or recipient.* Where more than one county or municipality contributes assistance to the operation of a public transit system the commissioner shall identify one as lead agency for the purpose of receiving moneys under this section. *The commissioner may adopt rules establishing performance standards for public transit systems for use in determining the amount of assistance which may be paid to an eligible recipient. Except as otherwise provided in this subdivision, payments shall not exceed two-thirds of the operating deficit of a public transit system ; except that . The commissioner shall adopt rules establishing uniform performance standards for private operators of regular route transit systems in the transit taxing district as defined in section 473.446, subdivision 2. Payments to eligible recipients who are those private operators in the transit taxing district defined in section 473.446, subdivision 2, may be up to shall be based on the uniform performance standards and shall not exceed 100 percent of the operating deficit. Payments to the metropolitan transit commission shall be based upon a performance funding system established by the commissioner or otherwise as provided by law in section 174.28 .*

Sec. 19. Minnesota Statutes 1978, Section 174.24, Subdivision 4, is amended to read:

Subd. 4. [SOCIAL FARE REIMBURSEMENT.] The commissioner shall reimburse the metropolitan transit commission and any private operators in the transit taxing district defined in section 473.446, subdivision 2 for the difference between the full fare otherwise charged by the commission or private operator and the fare actually charged for any regular route transit service passenger pursuant to the social fare provisions of section 473.408, subdivision 3. Reimbursement shall be paid ~~monthly~~ *bimonthly* upon a report by the commission or private operator of the number of reduced fare passengers carried ~~for during the preceding calendar month reimbursement period~~ in each reduced fare category and the total amount that otherwise would have been charged for the service by the commission or private operator on a full fare basis.

Sec. 20. Minnesota Statutes 1978, Chapter 174, is amended by adding a section to read:

[174.245] [PUBLIC TRANSIT CAPITAL GRANT ASSISTANCE PROGRAM.] *Subdivision 1. [ESTABLISHMENT; PURPOSE.] A public transit capital grant assistance program is established to aid eligible recipients to meet federal matching fund*

*requirements for federal grants available for the purchase and major repair of transit vehicles.*

*Subd. 2. [ELIGIBILITY.] Any political subdivision, public transit authority or other public or private nonprofit agency that operates or provides financial assistance to a public transit system that is eligible to receive capital assistance grants under the Urban Mass Transportation Act of 1964, Public Law 88-365, as amended, except a public transit authority or commission that operates a public transit system in any city of the first class, is eligible to receive financial assistance through the public transit capital grant assistance program. Grants shall not exceed 50 percent of the local matching fund requirements. The commissioner shall establish by rule the procedures and standards for review and approval of applications for financial assistance and the criteria to be used in determining priorities in making the grants.*

*Sec. 21. Minnesota Statutes 1978, Section 174.25, Subdivision 1, is amended to read:*

*174.25 [PARATRANSIT GRANT PROGRAM.] Subdivision 1. [PURPOSE.] A paratransit service demonstration grant program is established to plan, promote, demonstrate, and evaluate the effectiveness, cost, and efficiency of provide grants for paratransit as a means of accomplishing projects designed to accomplish the following objectives:*

*(a) to provide transportation services in those areas inefficiently or inadequately served by regular route transit;*

*(b) to provide transportation services which improve the accessibility and productivity of regular route transit;*

*(c) to provide transportation services for persons who because of age or incapacity are unable to drive a private automobile or use existing modes of public transit.*

*Grants may be made for demonstration projects or for projects of a type that the commissioner has determined to be successful on the basis of demonstration projects already implemented and evaluated. Except as otherwise provided in this subdivision, grants for a paratransit project shall not exceed two-thirds of the operating deficit and 50 percent of any non-federal share of the capital costs. Grants for a demonstration project, other than grants to the metropolitan transit commission, shall not exceed 90 percent of the capital costs and operating deficit of the project. Grants to the metropolitan transit commission for any paratransit project may be up to 100 percent of the operating deficit but may not include any portion of the capital costs.*

*Sec. 22. Minnesota Statutes 1978, Section 174.26, Subdivision 1, is amended to read:*

*174.26 [REGULAR ROUTE TRANSIT IMPROVEMENT PROGRAM.] Subdivision 1. [PURPOSE.] A regular route transit demonstration improvement program is established to demonstrate new regular route transit services and provide temporary financial assistance for the operation of new regular routes for a period neces-*

*sary to determine the effectiveness and efficiency of the routes but not to exceed one year for any route. Grants may also be made under the program for projects designed to improve the patronage and productivity of existing regular route transit services.*

Sec. 23. Minnesota Statutes 1978, Section 174.28, is amended to read:

174.28 [PERFORMANCE FUNDING.] Subdivision 1. [DEFINITIONS.] For the purpose of this section the following terms have the meanings given them in this subdivision.

(a) "Commissioner" means the commissioner of transportation.

(b) "Contract" means a contract made pursuant to section 174.24.

(c) "Subsidy per passenger" means the amount calculated pursuant to subdivision 3, clause (b) plus the amount paid under any contract pursuant to subdivision 2, divided by the number of passengers carried on regular route bus service operated by the commission during that year, excluding passengers carried on demonstration routes for which assistance is received pursuant to section 174.26 transfers.

(d) "Municipality" means any statutory or home rule charter city, county or town.

(e) "Route" means any route on which the commission operates regular route bus service.

(f) "Revenue attributable to the route" means the total of: (i) the fares actually paid on the route; (ii) amounts reimbursed social fare reimbursement paid pursuant to section 174.24, subdivision 4 attributable to service on the route; and (iii) all payments received by the commission from municipalities for retention of service on the route.

(g) "Route deficit" means the difference between the actual operating cost of any route and the revenue attributable to the route divided by the number of passengers carried on that route including transfers.

Subd. 2. [BASIS AND FORM OF CONTRACT.] Any contract entered into by the commissioner and the commission which provides financial assistance to the commission during any year subsequent to December 31, 1977, shall provide for payment to the commission of an amount which, when added to the amount calculated under subdivision 3, clause (b), and divided by the passengers carried during that period, will provide the commission with a 48 cent subsidy per passenger in calendar year 1978 and a 49 cent subsidy in the first half of 1979. In addition the commissioner shall provide assistance by contract with the commission for general administrative and planning expenses. Pursuant to the public transit subsidy program the commissioner shall enter one or more contracts with the commission to pay amounts sufficient to provide the commission with a subsidy per passenger of 45.9 cents in the last half of calendar year 1979, 46.6 cents in calendar year

1980, and 48.2 cents in the first half of calendar year 1981 and thereafter.

Subd. 3. [SUBSIDY PER PASSENGER.] (a) After the close of each month, the commission shall report to the commissioner the number of passengers carried during that month on regular route bus service operated by the commission. The commissioner shall use these figures reported by the commission in computing payments due under any contract entered into pursuant to this section. The commission shall make available to the commissioner any information required to permit the commissioner to carry out his duties under this section.

(b) The commissioner shall calculate the total amount of money received by the commission from all sources to pay the expenses of operating regular route bus service *including all planning and administration expenses of the commission* during the calendar year and shall include the following items in that amount:

(i) *grants for operating assistance and transit planning received from the federal government pursuant to 49 U.S.C. 1604 ;*

(ii) proceeds of any property tax levied by the commission under section 473.446, clause (a);

(iii) financial assistance received from political subdivisions, public agencies other than the department of transportation, or private entities or persons whether received as a grant, payment of a contractual obligation or otherwise. The commissioner shall exclude from that amount any revenue received by the commission ~~from in the form of regular route bus fares paid for regular route bus service and money paid by the commissioner to reimburse the commission for providing reduced , social fare service reimbursement pursuant to section 473.408 174.24, subdivision 4 or to permit the commission to operate and regular route demonstration services improvement grants pursuant to section 174.26.~~ The commissioner shall periodically examine the commission's data concerning the number of passengers carried on regular route bus service and the procedures for collecting that data.

Subd. 4. [PROCEDURE FOR BIMONTHLY PAYMENT.] Sums owed under any contract made pursuant to this section shall be paid ~~monthly~~ *bimonthly* in a manner determined by the commissioner consistent with subdivisions 1 to 3.

Subd. 5. [ROUTE DEFICIT LIMIT.] *The commission shall set a maximum route deficit limit which shall not be exceeded on any of its routes except a route that provides the only regular route bus service to a statutory or home rule charter city located within the transit taxing district as defined in section 473.446, subdivision 2. A route deficit limit set by the commission shall remain in effect for at least six months before a new limit may be set. The commission shall set a route deficit limit and implement that limit not later than January 1, 1980.*

Sec. 24. Minnesota Statutes 1978, Section 360.015, is amended by adding a subdivision to read:

*Subd. 20. The commissioner may continue the air transportation revolving account within the trunk highway fund. The commissioner shall charge users of any air transportation services provided by the department for all direct and indirect operating costs, excluding salaries and initial cost of acquisition of aircraft. All receipts for these services shall be deposited in the air transportation revolving account and are appropriated to the commissioner to pay all direct and indirect air service operating expenses, excluding salaries.*

Sec. 25. Minnesota Statutes 1978, Section 473.408, Subdivision 3, is amended to read:

**Subd. 3. [SOCIAL FARES.]** In off-peak hours the commission and other operators shall charge the following reduced fares for transit service:

(a) ~~ten~~ twenty cents plus any zone charges for all persons under the age of 18 holding an identification card issued by the commission;

(b) free fares for all persons 65 years of age and over holding a medicare card or other identification card authorized or approved by the commission; and

(c) not more than one-half of the full fare for all handicapped persons, as defined by the commission.

Sec. 26. Minnesota Statutes 1978, Section 473.408, is amended by adding subdivisions to read:

*Subd. 6. [MONTHLY PASSES.] The commission shall offer monthly passes for regular route bus service for sale to the general public. The passes shall be offered at a discount at least as great as the discount provided on passes sold by the commission in January, 1979.*

*Subd. 7. [EMPLOYEE PLAN.] The commission shall offer monthly passes for regular route bus service for sale to employers at a special discount subject to the provisions of this subdivision. An employer is eligible to purchase passes at a special discount if the employer agrees to establish a payroll deduction plan as a means for its employees to purchase the passes at a price at or below the amount charged by the commission. The special discount on passes sold pursuant to this subdivision shall be two dollars on a single zone pass and a proportionate amount on other passes. The special discount is in addition to the discount provided on passes sold to the general public.*

Sec. 27. Minnesota Statutes 1978, Section 473.411, Subdivision 1, is amended to read:

**473.411 [TRANSPORTATION DEVELOPMENT PROGRAM.]** Subdivision 1. **[DEVELOPMENT PROGRAM.]** The commission shall prepare and submit in the manner provided in

and satisfying the requirements of section 473.161, a transportation development program, providing for the implementation of the policy plan adopted by the council. In preparing the program, the commission shall consult with counties and municipalities in the metropolitan area, the state transportation department and the state planning agency, and for that purpose may create such advisory committees as may be necessary.

Such program shall provide for coordination of routes and operations of all publicly and privately owned transportation facilities within the transit area to the end that combined efficient and rapid transportation may be provided for the use of the public in the entire area. The commission may designate a segment of the system planned as a pilot or demonstration transportation project using, without limitation, new technology including airborne systems, or traditional systems of evolved or modern form. The transportation development program shall include the general alignment and profile, approximate points of access, facility classification, approximate cost, relation to other existing and planned transportation routes and facilities, and a statement of the expected general effect on present and future use of the property within the corridor. The program shall be accompanied with a statement of need for the proposed construction or improvement, a description of alternate routes which were considered, and an explanation of the advantages and disadvantages in the selection of any route considered. The transportation development program shall also contain a description of the type of right of way or routes required; the type of transit service to be provided in each portion of the system; designation of transit mode; and appropriate general operating criteria. The program shall also contain an operational improvement program which shall at least describe performance objectives and standards which the commission proposes to achieve in satisfying policies, purposes, and goals established by the legislature and the council; identify performance indicators by which to monitor and assess progress in achieving the objectives and standards; and establish a route deficit limit as provided in section 174.28, subdivision 5. The program may include such other information as the council or the commission deems necessary.

Sec. 28. Laws 1973, Chapter 567, Section 8, is amended to read:

Sec. 8. [APPROPRIATION FOR ACCESS ROADS.] *Subdivision 1.* In addition to any amounts deducted from the county state aid highway fund for access roads to state parks under Minnesota Statutes, Section 162.06, Subdivision 5, there is appropriated from the general fund in the state treasury to the county of Chisago for use in providing access roads to St. Croix Wild River state park the sum of \$200,000. *Chisago County state aid highway 12 from the junction with state trunk highway 95 to the junction with Chisago County state aid highway 16 is designated a nine ton road, and from there to the entrance to St. Croix Wild River state park it is designated a seven ton road. An amount equal to any portion of the \$200,000 that Chisago County has not spent or obligated by contract by December 31, 1980 to*



*improve Chisago County state aid highway 12 from the junction with state highway 95 to the entrance to St. Croix Wild River state park shall be deducted from the 1981 county state aid apportionment to Chisago County and credited to the state park road account created by section 162.06, subdivision 5.*

*Subd. 2. In the event that the county of Chisago returns to the state treasury the amount appropriated by subdivision 1, or does not let a contract by December 31, 1980 to improve Chisago County state aid highway 12 from its junction with state trunk highway 95 to the entrance to St. Croix Wild River state park, the commissioner of transportation shall forthwith make surveys and prepare plans and specifications for the improvement of the portion of Chisago state aid highway 12 herein described in accordance with applicable state aid rules and engineering standards and let a contract for the improvement in the same manner as contracts are let for trunk highway improvements. The commissioner, in the name of the state, may acquire any additional rights-of-way necessary for the improvement by purchase or by proceedings instituted pursuant to Minnesota Statutes, Chapter 117. Upon completion of the improvement, rights-of-way acquired by the commissioner shall be conveyed to the county of Chisago for \$1. All costs incurred by the commissioner and the department of transportation in acquiring rights-of-way, in making surveys and preparing plans and specifications, in letting and supervising the contract for the improvement, and all obligations incurred under the contract shall be paid from funds appropriated in subdivision 3.*

*Subd. 3. There is appropriated to the commissioner of transportation from the state park road account a sum of money which, together with any available federal funds, is sufficient to pay all costs and obligations incurred by the commissioner and the department of transportation in carrying out the provisions of subdivision 2. This appropriation is subject to the occurrence of the events specified in subdivision 2, and subject to those occurrences is effective 30 days following return of the money to the state treasury or January 31, 1981, whichever occurs first, and shall remain available for expenditure until the improvement is completed.*

*Subd. 4. Nothing in this section shall be construed as revoking the designation of Chisago County state aid highway 12 as a county state aid highway. Upon completion of the improvement, Chisago County state aid highway 12 shall be maintained by Chisago County in the same manner as other county state aid highways.*

*Sec. 29. [EFFECTIVE DATE.] The preceding section is effective the day following final enactment.*

*Sec. 30. [TRAINING CENTER REVOLVING ACCOUNT.] The commissioner of transportation may establish a training center revolving account within the trunk highway fund. The commissioner shall charge users of the Arden Hills training center for their operating expense portion of the cost of providing the*

*training facility to the users. Operating expenses are defined as all salaries, supplies and expenses directly attributable to the operation or maintenance of the facility exclusive of capital improvement costs on depreciation of the original investment. User fees shall be established at the beginning of each fiscal year based on the estimated operating cost for that year and the estimated number of users. The user fees for any succeeding year shall be adjusted by the amount by which the previous year's actual costs differed from fees billed and collected. All receipts of these fees shall be deposited in the training center revolving account and are appropriated to the commissioner to pay the operating expenses of the training center."*

Further, strike the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and for other purposes with certain conditions; providing for improvements to access roads to Stillwater state prison and Thistledeew corrections camp; providing for legislative review of requests to expend federal money; amending Minnesota Statutes 1978, Sections 3.30, Subdivision 2; 174.23, Subdivision 2; 174.24, Subdivisions 2, 3, and 4; 174.25, Subdivision 1; 174.26, Subdivision 1; 174.28; 360.015, by adding a subdivision; 473.08, Subdivision 3, and by adding subdivisions; 473.411, Subdivision 1; Chapter 3, by adding a section; and Chapter 174, by adding a section; and amending Laws 1973, Chapter 567, Section 8. "

And when so amended H. F. No. 1563 will be identical to S. F. No. 1540, and further recommends that H. F. No. 1563 be given its second reading and substituted for S. F. No. 1540, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 1324 be amended as follows:

Page 2, delete lines 5 and 6, and insert

"(f) The federal bureau of investigation or any other federal agency; or

(g) The United States attorney's office when authorized or charged with investigation or prosecution of a case involving a fire loss."

Page 2, line 7, after "Relevant" insert "information or evidence"

Page 2, line 25, before "History" insert "A" and after "insured" insert a comma

Page 2, line 26, delete "and" and insert "including"

Page 2, line 27, before "history" insert "a"

Page 2, line 28, delete ". Also," and insert ", and "a"

Page 2, line 29, after "or" insert "partners or"

Page 3, line 10, after "of" delete "sections 1 to 6" and insert "this subdivision"

Page 3, line 13, after "of" delete "his own" and insert "official"

Page 3, delete lines 15 to 19

Page 3, line 20, after "Subd." delete "5" and insert "4"

Page 4, lines 2 and 3, delete "No person or agency" and insert "No insurance company or employee or officer thereof"

Page 4, line 5, delete "No person" and insert "No insurance company or employee or officer thereof"

And when so amended H. F. No. 1324 will be identical to S. F. No. 1484, and further recommends that H. F. No. 1324 be given its second reading and substituted for S. F. No. 1484, 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.

#### **SECOND READING OF SENATE BILLS**

S. F. Nos. 474, 471, 337, 1109, 1465, 664, 1280 and 1370 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. 1144, 1563 and 1324 were read the second time.

H. F. Nos. 317, 521 and 797 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

#### **MOTIONS AND RESOLUTIONS**

Mr. Davies moved that the name of Mr. Sikorski be added as co-author to S. F. No. 623. The motion prevailed.

Mr. Luther moved that the name of Mr. Dunn be added as co-author to S. F. No. 1556. The motion prevailed.

#### **CONFIRMATION**

Mr. Stokowski, for Mr. Gearty, moved that the report from the Committee on Elections, reported May 9, 1979, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Stokowski moved that in accordance with the report from the Committee on Elections, reported May 9, 1979, the Senate, having given its advice, do now consent to and confirm the appointment of:

**STATE ETHICAL PRACTICES BOARD**

Robyn Lee Hansen, 1735 Princeton Avenue, St. Paul, Ramsey County, effective April 26, 1979, for a term expiring the first Monday in January, 1983.

The motion prevailed. So the appointment was confirmed.

**CONFIRMATION**

Mr. Stokowski, for Mr. Gearty, moved that the report from the Committee on Elections, reported May 9, 1979, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Stokowski moved that in accordance with the report from the Committee on Elections, reported May 9, 1979, the Senate, having given its advice, do now consent to and confirm the appointment of:

**STATE ETHICAL PRACTICES BOARD**

Karen J. Jensen, 1016 W. Burnsville Parkway, Burnsville, Dakota County, effective March 26, 1979, for a term expiring the first Monday in January, 1983.

Mr. Schaaf moved that the appointment be laid on the table.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 10 and nays 43, as follows:

Those who voted in the affirmative were:

Benedict	Johnson	Penny	Sikorski	Stumpf
Gunderson	Luther	Schaaf	Spear	Tennessen

Those who voted in the negative were:

Anderson	Engler	Knaak	Pillsbury	Stokowski
Ashbach	Frederick	Knoll	Purfeerst	Strand
Bang	Gearty	Laufenburger	Renneke	Ueland, A.
Bernhagen	Hughes	Lessard	Rued	Ulland, J.
Chmielewski	Humphrey	Menning	Schmitz	Vega
Coleman	Jensen	Merriam	Setzepfandt	Wegener
Davies	Keefe, J.	Nichols	Sollers	Willet
Dieterich	Keefe, S.	Olhoff	Solon	
Dunn	Kirchner	Peterson	Staples	

The motion did not prevail.

The question recurred on the motion of Mr. Stokowski.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 48 and nays 9, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Penny	Staples
Ashbach	Frederick	Knutson	Peterson	Stokowski
Bang	Gearty	Laufenburger	Pillsbury	Stumpf
Benedict	Hughes	Lessard	Purfeerst	Ueland, A.
Bernhagen	Humphrey	Menning	Renneke	Ulland, J.
Chmielewski	Jensen	Merriam	Rued	Vega
Coleman	Keefe, J.	Nichols	Schmitz	Wegener
Davies	Kirchner	Ogdahl	Setzepfandt	Willet
Dieterich	Kleinbaum	Olhoft	Sillers	
Dunn	Knaak	Olson	Solon	

Those who voted in the negative were:

Gunderson	Keefe, S.	Perpich	Sikorski	Tennessee
Johnson	Luther	Schaaf	Spear	

The motion prevailed. So the appointment was confirmed.

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

#### SPECIAL ORDER

H. F. No. 282: A bill for an act relating to game and fish; establishing a procedure for selection of applicants for licenses to take wild turkeys; providing a penalty; amending Minnesota Statutes 1978, Section 100.271.

Mr. Laufenburger moved to amend H. F. No. 282 as follows:

Page 1, line 21, strike "the" and insert "*40 acres or more of*"

The motion prevailed. So the amendment was adopted.

H. F. No. 282 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 55 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

#### SPECIAL ORDER

S. F. No. 831: A bill for an act relating to the Hennepin county park reserve district; regulating tax levies; amending Laws 1967, Chapter 721, Section 2, as amended.

Mrs. Staples moved to amend S. F. No. 831 as follows:

Page 2, after line 22, insert

"Sec. 2. Minnesota Statutes 1978, Section 116D.04, Subdivision 3, is amended to read:

Subd. 3. Upon the filing with the board of a petition of not less than 500 persons requesting an environmental impact statement on a particular action, the board shall review those petitions deemed by the board to involve potential for significant environmental effects or to concern an action of more than local significance and, where there is material evidence of the need for an environmental review, require the preparation of an environmental impact statement in accordance with provisions of this section.

*The board shall make a decision on a petition filed pursuant to this subdivision by a majority vote of the board.*

Sec. 3. [REQUEST FOR RECONSIDERATION.] *Any person who filed a petition under Minnesota Statutes, Section 116D.04, Subdivision 3, with respect to which the environmental quality board, prior to the effective date of this act, decided by less than a majority vote of the board not to require preparation of an environmental impact statement, may file a written request to the board to reconsider its decision and to make a final decision in compliance with section 3. A request pursuant to this section shall be filed with the board not later than 30 days after the effective date of this act. Upon receipt of a request pursuant to this section, the board shall reconsider its decision and make a final decision concerning the petition in compliance with section 3. No construction shall commence on an action which was the subject of such a petition until after the time for filing a request pursuant to this section has expired or, if a request has been filed within that time, until the board makes a final decision in compliance with section 3.*

Sec. 4. [EFFECTIVE DATE.] *The provisions of sections 3 and 4 are effective the day following final enactment."*

Amend the title as follows:

Page 1, line 3, before "amending" insert "reaffirming the requirement that the environmental quality board make its decisions by a majority vote; permitting certain requests for reconsideration of board decisions;"

Page 1, line 4, before the period, insert "; and Minnesota Statutes 1978, Section 116D.04, Subdivision 3"

The motion prevailed. So the amendment was adopted.

S. F. No. 831: A bill for an act relating to the Hennepin county park reserve district; regulating tax levies; reaffirming the requirement that the environmental quality board make its decisions by a majority vote; permitting certain requests for reconsideration of

board decisions; amending Laws 1967, Chapter 721, Section 2, as amended and Minnesota Statutes 1978, Section 116D.04, Subdivision 3.

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 48 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	McCutcheon	Peterson	Staples
Ashbach	Humphrey	Menning	Purfeerst	Strand
Bernhagen	Jensen	Merriam	Reanneke	Stumpf
Chmielewski	Johnson	Nelson	Schaaf	Tennessen
Davies	Keefe, S.	Nichols	Schmitz	Ueland, A.
Dieterich	Kirchner	Ogdahl	Setzepfandt	Ulland, J.
Dunn	Knaak	Olhoft	Sikorski	Vega
Engler	Knoll	Olson	Sillers	Wegener
Frederick	Laufenburger	Penny	Solon	
Gearty	Luther	Perpich	Spear	

Those who voted in the negative were:

Benedict	Lessard	Pillsbury	Stokowski	Willet
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So the bill, as amended, passed and its title was agreed to.

#### SPECIAL ORDER

S. F. No. 623: A bill for an act relating to insurance; removing certain licensing and regulatory controls from appraisers; amending Minnesota Statutes 1978, Sections 72B.01; 72B.03; 72B.04, Subdivisions 1, 2, 5, and 7; 72B.08, Subdivision 1; and 72B.10; repealing Minnesota Statutes 1978, Section 72B.02, Subdivisions 9 and 10.

Mr. Sikorski moved to amend S. F. No. 623 as follows:

Page 8, line 27, delete "*Subdivisions 9 and*" and insert "*Subdivision*"

Page 8, line 27, delete "*are*" and insert "*is*"

Amend the title as follows:

Page 1, line 7, delete "*Subdivisions 9 and*" and insert "*Subdivision*"

The motion prevailed. So the amendment was adopted.

S. F. No. 623: A bill for an act relating to insurance; removing certain licensing and regulatory controls from appraisers; amending Minnesota Statutes 1978, Sections 72B.01; 72B.03; 72B.04, Subdivisions 1, 2, 5, and 7; 72B.08, Subdivision 1; and 72B.10; repealing Minnesota Statutes 1978, Section 72B.02, Subdivision 10.

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 51 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Luther	Pillsbury	Strand
Ashbach	Hughes	McCutcheon	Purfeerst	Stumpf
Benedict	Humphrey	Menning	Renneke	Tennesen
Bernhagen	Jensen	Merriam	Rued	Ulland, J.
Chmielewski	Johnson	Nelson	Schaaf	Vega
Davies	Keefe, J.	Nichols	Schmitz	Wegener
Dieterich	Keefe, S.	Olhoft	Setzepfandt	Willet
Dunn	Kirchner	Olson	Sikorski	
Engler	Knaak	Penny	Spear	
Frederick	Knoll	Perpich	Staples	
Gearty	Lessard	Peterson	Stokowski	

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

### SPECIAL ORDER

S. F. No. 1327: A bill for an act relating to commerce; making a variety of changes in the administrative duties of the department of commerce; setting a time limit on requests for hearings on orders denying, revoking or suspending franchises; eliminating certain real estate license examination requirements; transferring and amending certain administrative powers relating to collection agencies; amending Minnesota Statutes 1978, Sections 80C.12, Subdivision 2; 82.21, Subdivision 1; 82.22, Subdivision 1; 332.311; 332.43, Subdivision 1; repealing Minnesota Statutes 1978, Sections 332.31, Subdivisions 4 and 5; and 332.43, Subdivisions 2 and 3.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Humphrey	McCutcheon	Pillsbury	Stokowski
Benedict	Jensen	Menning	Purfeerst	Strand
Bernhagen	Johnson	Merriam	Renneke	Stumpf
Chmielewski	Keefe, J.	Nelson	Rued	Tennesen
Davies	Keefe, S.	Nichols	Schaaf	Ueland, A.
Dieterich	Kirchner	Ogdahl	Schmitz	Ulland, J.
Dunn	Knaak	Olhoft	Setzepfandt	Vega
Engler	Knoll	Olson	Sikorski	Wegener
Gearty	Laufenburger	Penny	Solon	Willet
Gunderson	Lessard	Perpich	Spear	
Hughes	Luther	Peterson	Staples	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S. F. No. 334: A bill for an act relating to education; requiring the expungement of certain material from the files of certain supervisory employees; amending Minnesota Statutes 1978, Sections 125.12, Subdivision 14 and 125.17, Subdivision 12.



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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Lessard	Pillabury	Strand
Benedict	Humphrey	Luther	Purfeerst	Stumpf
Bernhagen	Jensen	Menning	Renneke	Tennessen
Chenoweth	Johnson	Merriam	Rued	Ueland, A.
Chmielewski	Keefe, J.	Nelson	Schaaf	Ulland, J.
Davies	Keefe, S.	Nichols	Schmitz	Vega
Dieterich	Kirchner	Ogdahl	Setzepfandt	Wegener
Dunn	Knaak	Olhoft	Sikorski	Willet
Engler	Knoll	Olson	Solon	
Gearty	Knutson	Penny	Spear	
Gunderson	Laufenburger	Perpich	Stokowski	

So the bill passed and its title was agreed to.

#### SPECIAL ORDER

S. F. No. 1310: A bill for an act relating to children; requiring reports of neglect and sexual abuse of children; amending Minnesota Statutes 1978, Section 626.556, Subdivision 2.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 46 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Johnson	Menning	Schaaf	Tennessen
Bernhagen	Keefe, J.	Nelson	Schmitz	Ueland, A.
Chmielewski	Keefe, S.	Nichols	Setzepfandt	Ulland, J.
Davies	Kirchner	Ogdahl	Sikorski	Vega
Dieterich	Kleinbaum	Olhoft	Sillers	Wegener
Engler	Knaak	Olson	Solon	Willet
Gunderson	Knutson	Penny	Spear	
Hughes	Laufenburger	Purfeerst	Stokowski	
Humphrey	Luther	Renneke	Strand	
Jensen	McCutcheon	Rued	Stumpf	

So the bill passed and its title was agreed to.

#### SPECIAL ORDER

S. F. No. 680: A bill for an act relating to motor vehicles; defining "fertilizer applicator"; including fertilizer applicators in the definition of implement of husbandry; setting maximum width and braking and lighting requirements for fertilizer applicators; directing the commissioner of transportation to adopt rules providing maximum weights and other safety standards and to adopt a temporary policy on fertilizer applicator operation; providing penalties; amending Minnesota Statutes 1978, Sections 168.012, Subdivision 2; 169.01, Subdivision 55, and by adding a subdivision; and Chapter 169, by adding a section.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 45 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Jensen	Lessard	Penny	Stokowski
Chmielewski	Johnson	Luther	Perpich	Strand
Davies	Keefe, J.	McCutcheon	Purfeerst	Stumpf
Dieterich	Keefe, S.	Menning	Renneke	Tennessee
Engler	Kleinbaum	Nelson	Schaaf	Ueland, A.
Gearty	Knaak	Nichols	Schmitz	Ulland, J.
Gunderson	Knoll	Ogdahl	Sikorski	Vega
Hughes	Knutson	Olhoff	Sillers	Wegener
Humphrey	Laufenburger	Olson	Solon	Willet

Mr. Rued voted in the negative.

So the bill passed and its title was agreed to.

#### SPECIAL ORDER

S. F. No. 988: A bill for an act relating to natural resources; eliminating the requirement for a wild rice processor's license; amending Minnesota Statutes 1978, Section 98.46, Subdivision 18.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Humphrey	Luther	Purfeerst	Stokowski
Benedict	Jensen	McCutcheon	Renneke	Strand
Bernhagen	Johnson	Menning	Rued	Stumpf
Chmielewski	Keefe, J.	Nelson	Schaaf	Tennessee
Davies	Keefe, S.	Nichols	Schmitz	Ueland, A.
Dieterich	Kleinbaum	Ogdahl	Setzepfandt	Ulland, J.
Engler	Knaak	Olhoff	Sikorski	Vega
Frederick	Knoll	Olson	Sillers	Wegener
Gearty	Knutson	Penny	Solon	Willet
Gunderson	Laufenburger	Perpich	Spear	
Hughes	Lessard	Pillsbury	Staples	

So the bill passed and its title was agreed to.

#### SPECIAL ORDER

S. F. No. 932: A bill for an act relating to taxation; deleting requirement of vendor's verification of claim for refund of sales tax paid on electricity used for agricultural purposes; amending Minnesota Statutes 1978, Section 290.501.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Lessard	Purfeerst	Staples
Benedict	Humphrey	Luther	Renneke	Stokowski
Bernhagen	Jensen	Menning	Rued	Strand
Chmielewski	Johnson	Nelson	Schaaf	Stumpf
Davies	Keefe, J.	Nichols	Schmitz	Tennessen
Dieterich	Keefe, S.	Olhoft	Setzepfandt	Ueland, A.
Engler	Kleinbaum	Olson	Sikorski	Ulland, J.
Frederick	Knaak	Penny	Sillers	Vega
Gearty	Knoll	Perpich	Solon	Wegener
Gunderson	Laufenburger	Pillsbury	Spear	Willet

So the bill passed and its title was agreed to.

#### SPECIAL ORDER

S. F. No. 1176: A bill for an act relating to taxation; allowing use of lump sum distribution tax computation upon receipt of severance pay in certain instances; amending Minnesota Statutes 1978, Section 290.032, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Lessard	Perpich	Staples
Benedict	Humphrey	Luther	Pillsbury	Stokowski
Bernhagen	Jensen	McCutcheon	Purfeerst	Strand
Chmielewski	Johnson	Menning	Renneke	Stumpf
Davies	Keefe, J.	Merriam	Rued	Tennessen
Dieterich	Kirchner	Nelson	Schaaf	Ueland, A.
Engler	Kleinbaum	Nichols	Schmitz	Ulland, J.
Frederick	Knaak	Ogdahl	Setzepfandt	Vega
Gearty	Knoll	Olhoft	Sikorski	Wegener
Gunderson	Laufenburger	Penny	Spear	Willet

So the bill passed and its title was agreed to.

#### SPECIAL ORDER

S. F. No. 426: A bill for an act relating to taxation; providing that the reduced property tax classification for homesteads of disabled veterans be continued for their surviving spouses; extending the 3cc classification to property of persons receiving disability benefits from political subdivisions; amending Minnesota Statutes 1978, Section 273.13, Subdivision 7.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Dunn	Gearty	Humphrey
Benedict	Davies	Engler	Gunderson	Jensen
Bernhagen	Dieterich	Frederick	Hughes	Johnson

Keefe, J.	McCutcheon	Penny	Setzepfandt	Ueland, A.
Kirchner	Menning	Perpich	Sikorski	Ulland, J.
Kleinbaum	Merriam	Pillsbury	Spear	Vega
Knaak	Nelson	Purfeerst	Staples	Wegener
Knoll	Nichols	Renneke	Stokowski	Willet
Laufenburger	Ogdahl	Rued	Strand	
Lessard	Olhoft	Schaaf	Stumpf	
Luther	Olson	Schmitz	Tennessee	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S. F. No. 216: A bill for an act relating to taxation; property tax; extending class 3cc to homesteads of persons receiving private disability pensions; amending Minnesota Statutes 1978, Section 273.13, Subdivision 7.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Laufenburger	Penny	Staples
Benedict	Hughes	Lessard	Perpich	Stokowski
Bernhagen	Humphrey	Luther	Pillsbury	Strand
Chmielewski	Jensen	McCutcheon	Purfeerst	Stumpf
Davies	Johnson	Menning	Renneke	Tennessee
Dieterich	Keefe, J.	Merriam	Schaaf	Ueland, A.
Dunn	Kirchner	Nelson	Schmitz	Ulland, J.
Engler	Kleinbaum	Nichols	Setzepfandt	Vega
Frederick	Knaak	Olhoft	Sikorski	Wegener
Gearty	Knoll	Olson	Spear	Willet

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H. F. No. 261: A bill for an act relating to municipal industrial development; amending the definition of project; requiring a notice and hearing; amending Minnesota Statutes 1978, Sections 474.01, Subdivision 7a, and by adding a subdivision; 474.02, Subdivision 1c, and by adding a subdivision; and 474.12.

Mr. Humphrey moved to amend H. F. No. 261, as amended pursuant to Rule 49, adopted by the Senate May 3, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 859.)

Delete everything after the enacting clause and insert:

"Section 1. [462C.01] [AUTHORIZATION.] *Subdivision 1. A statutory or home rule charter city may develop and administer programs of making or purchasing mortgage loans to finance the acquisition of single family housing by low and moderate income*

persons and families anywhere within its boundaries upon the following conditions:

- (a) The city develops a housing plan as required by section 2;
- (b) A public hearing is held thereon after one publication of notice in a newspaper circulating generally in the city, at least 30 days before the hearing, after which the plan may be adopted by resolution of the governing body with or without amendment; and
- (c) The plan is submitted to and approved by the Minnesota housing finance agency.

Subd. 2. "Single family housing" in sections 1 to 6 means real property and improvements thereon or an apartment as described in chapter 515 or any amendatory or supplemental law, which is owned or to be owned and occupied by one person or family as a residence.

Sec. 2. [462C.02] [CITY HOUSING PLAN.] Subdivision 1. The housing plan shall set forth:

- (a) The housing needs of the city and the data demonstrating those needs;
- (b) The plan of the city to meet identified housing needs, and the specific methods to be used to carry out the plan;
- (c) Target areas of the city for each method;
- (d) The financing program or programs to be included in the plan;
- (e) The number and qualifications of lenders eligible to participate in the program;
- (f) The estimated amount of mortgage loans to be made or purchased in each program and the estimated amounts and timing of the sale of revenue bonds required to finance such loans, fund appropriate reserves, and pay costs of issuance;
- (g) Methods for monitoring the implementation by participants to insure that the programs will be consistent with the plan and its objectives;
- (h) The administrative capacity of the city to monitor and supervise housing finance programs;
- (i) The cost to the city, including administrative costs; and
- (j) An analysis of how the programs will meet the needs of low and moderate income families in the city.

Subd. 2. For each program limits on gross income for persons and families to be served shall be established. The moderate income limit may not exceed 110 percent of the median family income as estimated by the United States department of housing and urban development for the nonmetropolitan county or standard metropolitan statistical area, as the case may be, in which the city is located; except that if a city proposes special target areas in which redevelopment requires reestablishment of a proper

balance of income levels among residents or target areas with a high concentration of incomes below the HUD median, loans with higher income limits or no limits may be proposed for such an area, provided that the total amount of such loans shall not exceed 20 percent of the aggregate amount of all loans in all programs included in the plan. The Minnesota housing finance agency shall provide the relevant income data to any city requesting the data.

Subd. 3. The plan shall establish maximum purchase prices or appraised values for homes eligible for mortgage loans in each program. The maximum price allowable shall not exceed three times the median family income established for any area served except for special target areas as provided in subdivision 2. The maximum purchase price for special target areas shall be three times the income limit, if any, established for the area.

Subd. 4. Any financial institution as defined in section 47.0151, doing business within the city which is an approved FHA/VA or FNMA/FHLMC lender shall be eligible for consideration for origination of loans in any city housing finance program. Other lenders may be eligible as provided in the program. Origination of loans in the program may not be limited to a single lender unless other eligible lenders are not interested in participating or the program clearly sets forth why a public purpose would be served by confining participation to one lender.

Subd. 5. Financing under a single family housing bond issue may not be provided to a developer or builder or restricted to housing provided by one developer or builder.

Sec. 3. [462C.03] [PLAN REVIEW.] Upon receiving a city's housing plan, the Minnesota housing finance agency shall determine whether the plan appears to:

- (a) Further local, regional and statewide housing policies;
- (b) Be capable of implementation without material adverse effect on financing programs of the agency, and without exceeding the limitation provided in section 5;
- (c) Provide for administrative and bond issuance costs which are reasonable;
- (d) Meet adequately the stated housing needs of the city; and
- (e) Comply with all other requirements of sections 1 to 6.

Sec. 4. [462C.04] [MULTIFAMILY HOUSING DEVELOPMENTS.] Subdivision 1. A statutory or home rule charter city may also plan, administer, and make a loan or loans to finance one or more multifamily housing developments within its boundaries, of the kinds and upon the conditions set forth in this section. A multifamily housing development is an apartment house or a group of townhouses which include four or more dwelling units, each to be rented or sold to a person or family for use as a residence. A loan may be made for the acquisition and preparation of a site and the construction of a new development, or for the

*acquisition of an existing building and site and the rehabilitation thereof, provided that:*

*(a) The cost of rehabilitation of an existing building is estimated to equal at least \$5,000 per dwelling unit or 50 percent of the appraised value of the original building and site, whichever is less;*

*(b) At least a substantial portion of such rehabilitation cost is estimated to be incurred for compliance with building codes or conservation of energy;*

*(c) Each development upon completion shall comply with all applicable code requirements;*

*(d) A loan or loans may be made for either the construction or the long term financing of a development, or both, including the financing of the acquisition of dwelling units and interests in common facilities provided therein, by persons to whom such units and facilities may be sold as contemplated in chapter 515 or any supplemental or amendatory law thereof; and*

*(e) Substantially all of the proceeds of each loan shall be used to pay the cost of a multifamily housing development, including property functionally related and subordinate to it; but nothing herein prevents the construction of the development over, under, or adjacent to, and in conjunction with facilities to be used for purposes other than housing.*

*Subd. 2. A development may be designed for occupancy by persons and families of low or moderate income, and by other persons and families to the extent determined to be necessary in furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, with housing assistance payments for the benefit of the renters of at least 10 percent of the dwelling units under section 8 of the United States Housing Act of 1937, as amended, or another amendatory or supplemental law of the United States.*

*Subd. 3. A development may be located within a redevelopment project area established pursuant to chapter 462 or within a development district established pursuant to chapter 472A or within an industrial development district established pursuant to section 458.191 without regard to the limitations and conditions set forth in subdivision 2.*

*Subd. 4. A development may be designed for rental primarily to elderly or handicapped persons without regard to the limitations and conditions set forth in subdivision 2.*

*Subd. 5. Each plan for a multifamily housing development or developments described in subdivision 1 shall be adopted after public hearing and approved by the agency as provided in section 1, on the basis of the considerations stated in section 3.*

*Subd. 6. The plan shall demonstrate need for the development or developments, describe the method of financing proposed, state whether the development is to be constructed pursuant to subdi-*

vision 2, 3, or 4, and state the applicable limitations on gross income, if any, of the occupants.

Sec. 5. [462C.05] [HOUSING REVENUE BONDS.] *Subdivision 1. To finance programs or developments described in any plan the city council may, upon approval of the plan as provided in section 1, subdivision 1, clause (c), issue and sell revenue bonds or obligations which shall be payable exclusively from the revenues of the programs or developments. In the purchase or making of single family housing loans and the making of multifamily housing loans and the issuance of revenue bonds or other obligations the city may exercise or authorize an existing agency or one created by ordinance to exercise, within the corporate limits of the city, any of the powers the Minnesota housing finance agency may exercise under chapter 462A.*

*Subd. 2. The aggregate principal amount of revenue bonds or other obligations issued by a city pursuant to this section shall not exceed an amount equal to \$1,000 times its population on the effective date of this section until otherwise provided by law. Its population shall be determined by the last state or federal census, or by the last official estimate of the metropolitan council, for a city in the metropolitan area, whichever is most recent.*

Sec. 6. [462C.06] [OTHER HOUSING LEGISLATION.] *Sections 1 to 6 do not impair or otherwise affect the validity or provisions for the security of any obligations issued or agreements made pursuant to law before the effective date of these sections. Sections 1 to 6 do not preclude or affect or limit the institution or financing or character of a housing program, project or development permitted for any city by any special law in effect on the effective date of these sections, except that no such city or agency thereof may issue obligations after January 1, 1980, for the purpose of financing a housing program or development of any kind referred to in sections 1 and 4, unless its plan therefor has previously been reviewed and approved by the agency, and all such obligations issued by them after January 1, 1980, shall be subject to the limitations set forth in section 5, subdivision 2.*

Sec. 7. Minnesota Statutes 1978, Section 474.01, Subdivision 7a, is amended to read:

*Subd. 7a. No municipality or redevelopment agency shall undertake any project authorized by this chapter unless its governing body finds that the project furthers the purposes stated in this section, nor until the commissioner of securities has approved the project, on the basis of preliminary information which the commissioner may require, as tending to further the purposes and policies of this chapter. Approval shall not be deemed to be an approval by the commissioner of securities or the state of the feasibility of the project or the terms of the revenue agreement to be executed or the bonds to be issued therefor, and the commissioner shall state this in communicating approval.*

Sec. 8. Minnesota Statutes 1978, Section 474.01, is amended by adding a subdivision to read:



*Subd. 7b. Prior to submitting an application to the commissioner of securities requesting approval of a project pursuant to subdivision 7a, the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than 15 days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the commissioner of securities, together with all attachments and exhibits thereto, shall be available for public inspection following the publication of such notice and shall specify the place and times where and when it will be so available. At the time and place fixed for the public hearing, the governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency shall adopt a resolution determining whether or not to proceed with the project and its financing and may thereafter apply to the commissioner of securities for approval of the project.*

Sec. 9. Minnesota Statutes 1978, Section 474.02, is amended by adding a subdivision to read:

*Subd. 1d. Notwithstanding any provision of this chapter, the term "project" shall not include any property to be sold or to be affixed to or consumed in the production of property for sale, and shall not include any housing facility to be rented or used as a permanent residence.*

Sec. 10. [EFFECTIVE DATE.] *This act is effective the day following final enactment. Sections 7 and 8 do not apply to a project which has been given preliminary approval by the governing body of a municipality or redevelopment agency before the effective date. Section 9 does not apply to multifamily rental projects approved by the commissioner of securities or by a redevelopment agency prior to April 15, 1979."*

The motion prevailed. So the amendment was adopted.

#### CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the balance of the proceedings on H. F. No. 261. The following Senators answered to their names:

Anderson	Chmielewski	Hughes	Kleinbaum	Luther
Bang	Davies	Humphrey	Knaak	Menning
Benedict	Dunn	Jensen	Knoll	Merriam
Bernhagen	Engler	Keefe, J.	Knutson	Nelson
Brataas	Gunderson	Keefe, S.	Laufenburger	Ogdahl
Chenoweth	Hanson	Kirchner	Lessard	Olhoft

Penny	Schaaf	Solon	Stumpf	Wegener
Peterson	Schmitz	Spear	Tennessee	
Purfeerst	Setzepfandt	Staples	Ueland, A.	
Renneke	Sieloff	Stokowski	Ulland, J.	
Rued	Sikorski	Strand	Vega	

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

Mr. Humphrey moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 4, line 8, after the comma insert "*without subjecting the interest on future bonds of the agency to federal income tax under any limitations imposed at the time by federal law,*"

The motion prevailed. So the amendment was adopted.

Mr. Merriam moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 9, line 14 of the Humphrey amendment, delete "*multi-family rental*"

Page 9, after line 16 of the Humphrey amendment, insert "*No bond issue is validated by this act.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 36, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Knaak	Pillsbury	Sillers
Bang	Engler	Merriam	Schmitz	Strand
Bernhagen	Johnson	Penny	Setzepfandt	Tennessee
Brataas	Keefe, J.	Peterson	Sieloff	

Those who voted in the negative were:

Anderson	Gunderson	Knutson	Perpich	Stumpf
Benedict	Hanson	Laufenburger	Purfeerst	Vega
Chenoweth	Hughes	Lessard	Rued	Wegener
Chmielewski	Humphrey	Luther	Schaaf	Willet
Davies	Keefe, S.	Menning	Sikorski	
Dieterich	Kirchner	Nelson	Solon	
Frederick	Kleinbaum	Ogdahl	Spear	
Gearty	Knoll	Olhoft	Staples	

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

Mr. Ogdahl moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 7, line 2, before the period, insert "*, but not to exceed \$150,000,000*"

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

Mr. Ogdahl then moved to amend the Humphrey amendment to H. F. No. 261 as follows:

Page 9, after line 8, insert:

"Sec. 10. Minnesota Statutes 1978, Section 474.03, is amended to read:

474.03 [POWERS.] Any municipality or redevelopment agency, in addition to the powers prescribed elsewhere by the laws of this state, shall have the power to:

(1) Acquire, construct, and hold any lands, buildings, easements, water and air rights, improvements to lands and buildings, and capital equipment to be located permanently or used exclusively on a designated site and solid waste disposal and pollution control equipment, regardless of where located, which are deemed necessary in connection with a project to be situated within the state, whether wholly or partially within or without the municipality or redevelopment agency, and construct, reconstruct, improve, better, and extend such project;

(2) Issue revenue bonds, in anticipation of the collection of revenues of such project, to finance, in whole or in part, the cost of the acquisition, construction, reconstruction, improvement, betterment, or extension thereof;

(3) Issue revenue bonds to pay, *purchase or discharge* all or any part of the outstanding indebtedness of a contracting party engaged primarily in the operation of one or more nonprofit hospitals or nursing homes, theretofore incurred in the acquisition or betterment of its existing hospital or nursing home facilities, including, to the extent deemed necessary by the governing body of the municipality or redevelopment agency, any unpaid interest on such indebtedness accrued or to accrue to the date on which such indebtedness is finally paid; *and any premium the governing body of the municipality or redevelopment agency determines to be necessary to be paid to pay, purchase or defease such outstanding indebtedness*; if revenue bonds are issued for this purpose, the refinancing and the existing properties of the contracting party shall be deemed to constitute a project under section 474.02, subdivision 1c. Industrial revenue bonds shall only be available under this provision if the commissioner of securities has been shown that a reduction in debt service charges to patients and third party payors will occur. All reductions in debt service charges pursuant to this program shall be passed on to patients and third party payors. These industrial revenue bonds may not be used for any purpose not consistent with the provisions of sections 145.71 to 145.83 or chapter 256B;

Nothing in this subdivision is intended to prohibit the use of revenue bond proceeds to pay outstanding indebtedness of a contracting party to the extent now permitted by law;

(4) Enter into a revenue agreement with any person, firm, or public or private corporation or federal or state governmental subdivision or agency in such manner that payments required thereby to be made by the contracting party shall be fixed, and revised from time to time as necessary, so as to produce income and revenue sufficient to provide for the prompt payment of

principal of and interest on all bonds issued hereunder when due, and the revenue agreement shall also provide that the contracting party shall be required to pay all expenses of the operation and maintenance of the project including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the project and payable during the term of the revenue agreement, during which term a tax shall be imposed and collected pursuant to the provisions of section 272.01, subdivision 2, for the privilege of using and possessing the project, in the same amount and to the same extent as though the contracting party were the owner of all real and personal property comprising the project;

(5) Pledge and assign to the holders of such bonds or a trustee therefor all or any part of the revenues of one or more projects and define and segregate such revenues or provide for the payment thereof to a trustee, whether or not such trustee is in possession of the project under a mortgage or otherwise;

(6) Mortgage or otherwise encumber such projects in favor of the municipality or redevelopment agency, the holders of such bonds, or a trustee therefor, provided that in creating any such mortgages or encumbrances a municipality or redevelopment agency shall not have the power to obligate itself except with respect to the project;

(7) Make all contracts, execute all instruments, and do all things necessary or convenient in the exercise of the powers herein granted, or in the performance of its covenants or duties, or in order to secure the payment of its bonds; including, but without limitation, a contract entered into prior to the construction of the project authorizing the contracting party, subject to such terms and conditions as the municipality or redevelopment agency shall find necessary or desirable and proper, to provide for the construction, acquisition, and installation of the buildings, improvements, and equipment to be included in the project by any means available to the contracting party and in the manner determined by the contracting party and without advertisement for bids as may be required for the construction or acquisition of other municipal facilities;

(8) Enter into and perform such contracts and agreements with other municipalities, political subdivisions, and state agencies, authorities, and institutions as the respective governing bodies of the same may deem proper and feasible for or concerning the planning, construction, lease, purchase, mortgaging or other acquisition, and the financing of a project, and the maintenance thereof, including an agreement whereby one municipality issues its revenue bonds in behalf of one or more other municipalities, which contracts and agreements may establish a board, commission, or such other body as may be deemed proper for the supervision and general management of the facilities of the project; provided, no municipality or redevelopment agency shall enter into or perform any contract or agreement with any school

district under which the municipality or redevelopment agency issues its revenue bonds or otherwise provides for the construction of school facilities and the school leases or otherwise acquires these facilities;

(9) Accept from any authorized agency of the federal government loans or grants for the planning, construction, acquisition, leasing, purchase, or other provision of any project, and enter into agreements with such agency respecting such loans or grants;

(10) Sell and convey all properties acquired in connection with such projects, including without limitation the sale and conveyance thereof subject to such mortgage as herein provided, and the sale and conveyance thereof under an option granted to the lessee of the project, for such price, and at such time as the governing body of the municipality or redevelopment agency may determine, provided, however, that no sale or conveyance of such properties shall ever be made in such manner as to impair the rights or interests of the holder, or holders, of any bonds issued under the authority of this chapter;

(11) Issue revenue bonds to refund, in whole or in part, bonds previously issued by such municipality or redevelopment agency under authority of this chapter;

(12) If so provided in the revenue agreement, terminate the agreement and re-enter or repossess the project upon the default of the contracting party, and operate, lease, or sell the project in such manner as may be authorized or required by the provisions of the revenue agreement or of the resolution or indenture securing the bonds issued for the project; any revenue agreement which includes provision for a conveyance of real estate to the contracting party may be terminated in accordance with the revenue agreement, notwithstanding that such revenue agreement may constitute an equitable mortgage provided that no municipality or redevelopment agency shall have power otherwise to operate any project referred to in this chapter as a business or in any manner whatsoever, and nothing herein authorizes any municipality or redevelopment agency to expend any funds on any project herein described, other than the revenues of such projects, or the proceeds of revenue bonds and notes issued hereunder, or other funds granted to the municipality or redevelopment agency for the purposes herein contemplated, except as may be otherwise permitted by law and except to enforce any right or remedy under any revenue agreement or related agreement for the benefit of the bondholders or for the protection of any security given in connection with a revenue agreement, provided that the public cost of redevelopment of land paid by a city or its redevelopment agency shall not be deemed part of the cost of any project situated on such land;

(13) Invest or deposit, or authorize a trustee to invest or deposit, any money on hand in funds or accounts established in connection with a project or payment of bonds issued therefor, to the extent they are not presently needed for the purposes for which such funds or accounts were created, in accordance with section 471.56, as amended; and

(14) Waive or require the furnishing of a contractors payment and performance bond of the kind described in section 574.26 and if such bond shall be required, then the provisions of chapter 514 relating to liens for labor and materials, shall not be applicable in respect of any work done or labor or materials supplied for the project, and if such bond be waived then the said provisions of chapter 514 shall apply in respect of work done or labor or materials supplied for the project."

Page 9, line 9, delete "10" and insert "11"

Amend the title of H. F. No. 261 as amended pursuant to Rule 49, May 3, 1979, as follows:

(The title of the amended House File is identical to S. F. No. 859.)

Page 1, line 9, delete "and"

Page 1, line 9, before the period insert "; and 474.03"

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

Mr. Kirchner moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 2, line 31, delete "110" and insert "90"

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

Mr. Penny moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 2, line 31, delete "110" and insert "150"

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

Mr. Penny then moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 3, line 1, delete "nonmetropolitan county or" and insert "Minneapolis-St. Paul"

Page 3, delete line 2, and insert "area;"

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

Mr. Penny then moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 9, line 9, before "This" insert "Subdivision 1."

Page 9, after line 16, insert:

*"Subd. 2. Section 9 does not apply to future housing bond issues by the city of Waseca, up to an aggregate amount of \$10,000,000. The city shall not be required to submit a housing plan to the Minnesota housing finance agency for approval."*

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

Mr. Ueland, A. moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 9, line 9, before *"This"* insert *"Subdivision 1."*

Page 9, after line 16, insert:

*"Subd. 2. Section 9 does not apply to future housing bond issues by the city of Mankato, up to an aggregate amount of \$10,000,000, and the city of North Mankato, up to an aggregate amount of \$5,000,000. Neither city shall be required to submit a housing plan to the Minnesota housing finance agency for approval."*

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

Mr. Penny moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 9, lines 9 and 10, delete *"This act is effective the day following final enactment."*

Page 9, line 14, delete *"multifamily rental"*

Page 9, line 16, delete *"April 15"* and insert *"August 1"*

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

Mr. Merriam moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 9 of the Humphrey amendment, after line 16, insert:

*"Section 9 does not apply to single family housing projects approved by the commissioner of securities prior to April 15, 1979, if the project complies with the income and purchase price requirements of section 2, subdivisions 2 and 3; and the aggregate principal amount of the bonds authorized for the project does not exceed the limitation provided in section 5."*

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

Mr. Penny moved to amend the Merriam amendment to the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Line 3 of the Merriam amendment, delete *"April 15"* and insert *"August 1"*

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

H. F. No. 261 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 55 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knoll	Penny	Spear
Ashbach	Gunderson	Knutson	Peterson	Staples
Benedict	Hanson	Laufenburger	Pillsbury	Stokowski
Bernhagen	Hughes	Lessard	Purfeerst	Strand
Brataas	Humphrey	Luther	Renneke	Stumpf
Chenoweth	Jensen	Menning	Rued	Tennessee
Chmielewski	Johnson	Merriam	Schaaf	Ueland, A.
Dieterich	Keefe, J.	Nelson	Schmitz	Ulland, J.
Dunn	Keefe, S.	Ogdahl	Setzepfandt	Vega
Engler	Kirchner	Olhoff	Sieloff	Wegener
Frederick	Knaak	Olson	Sillers	Willett

Mr. Davies voted in the negative.

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

Without objection, the Senate reverted to the Order of Business of Introduction and First Reading of Senate Bills.

#### INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Messrs. McCutcheon, Coleman, Johnson, Septzepfandt and Merriam introduced—

S. F. No. 1567: A bill for an act relating to taxation; providing certain modifications of gross income; increasing and extending certain credits against income tax; increasing the maximum standard deduction; providing for valuation of agricultural land for school aids purposes; increasing the state share of certain income maintenance payments; reducing certain property assessment ratios; increasing the homestead credit; eliminating the limited market value; increasing certain property tax refund amounts; abolishing the inheritance tax; establishing an estate tax; repealing the gift tax; reducing the rate of sales and use tax on farm machinery; reducing the rates of tax on corporate and individual income; providing a property tax credit for commercial property; increasing the amount and providing for the distribution of aids to local governments; providing state assistance for municipal pension costs; altering the tax treatment of railroads; providing for payment in lieu of taxes on certain lands; appropriating money; amending Minnesota Statutes 1978, Sections 124.212, Subdivision 10; 256.82; 256D.03, Subdivision 2; 256D.36, Subdivision 1; 272.02, Subdivision 1; 273.11, Subdivision 2; 273.13, Subdivisions 4, 5a, 6, 7, and 14a, and by adding a subdivision; 273.17, Subdivision 1; 275.51, Subdivision 3d; 290.01, Subdivision 20; 290.06, Subdivisions 1, 2c, 3c, 3d, and 12, and by adding subdivisions; 290.081; 290.09, Subdivision 15; 290A.03, Subdivision 11; 290A.04, Subdivisions 2, 2a, 2b, and 3; 291.005, Subdivision 1; 291.01;



291.03; 291.05; 291.051; 291.06; 291.065; 291.07, Subdivision 1; 291.08; 291.09, Subdivisions 5 and 7, and by adding subdivisions; 291.11, Subdivision 1; 291.111, Subdivision 1; 291.132; 291.14; 291.19, Subdivision 3; 291.20, Subdivision 1; 291.27; 291.33, Subdivision 1; 295.02; 297A.01, by adding a subdivision; 297A.02; 297A.14; 297A.24; 352.15, Subdivision 1; 353.15; 354.10; 354A.11; 477A.01, Subdivisions 1, 2 and 4; 524.3-706; 524.3-916; 524.3-1001; 525.091, Subdivisions 1 and 2; 525.312; 525.71; 525.74; and 525.841; and Chapters 270, 273 and 291, by adding sections; repealing Minnesota Statutes 1978, Sections 3A.08; 273.11, Subdivision 2; 291.02; 291.07, Subdivisions 2 and 2a; 291.09, Subdivisions 1, 2, 3 and 4; 291.10; 291.11, Subdivisions 2, 3, 4, 5, 6, 7, 8, and 9; 291.12, Subdivision 4; 291.19, Subdivision 5; 291.20, Subdivision 3; 291.22; 291.23; 291.24; 291.25; 291.26; 291.29, Subdivisions 1, 2, 3 and 4; 291.30; 291.34; 291.35; 291.36; 291.37; 291.38; 291.39; 291.40; 292.01; 292.02; 292.03; 292.031; 292.04; 292.05; 292.06; 292.07; 292.08; 292.09; 292.105; 292.111; 292.112; 292.12; 292.125; 292.14; 292.15; 295.01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; 295.14; and 477A.01, Subdivisions 3 and 4a.

Referred to the Committee on Taxes and Tax Laws.

#### RECESS

Mr. Hanson moved that the Senate do now recess until 1:30 o'clock p.m. The motion prevailed.

The hour of 1:30 o'clock p.m. having arrived, the President called the Senate to order.

#### MEMBERS EXCUSED

Mr. Bang was excused from the Session of today from 10:00 to 10:45 o'clock p.m. Mr. McCutcheon was excused from the Session of today from 11:00 to 1:00 o'clock p.m. Mr. Sieloff was excused from the Session of today until 10:55 o'clock a.m. Mr. Ulland, J. was excused from the Session of today from 11:15 to 11:45 o'clock a.m.

#### CALL OF THE SENATE

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

Bang	Engler	Kleinbaum	Olson	Spear
Bernhagen	Frederick	Knoll	Penny	Strand
Brataas	Gearty	Laufenburger	Peterson	Ueland, A.
Chenoweth	Hughes	Luther	Pillsbury	Vega
Coleman	Johnson	Menning	Purfeerst	
Davies	Keefe, J.	Merriam	Rued	
Dieterich	Keefe, S.	Nelson	Schaaf	
Dunn	Kirchner	Ogdahl	Solon	

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

**SPECIAL ORDER**

S. F. No. 697: A bill for an act relating to Independent School District No. 535, Rochester; providing that the funds previously authorized for certain purposes may be spent entirely for one of those purposes.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 41 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Dunn	Keefe, S.	Perpich	Tennessen
Benedict	Engler	Knaak	Pillsbury	Ueland, A.
Bernhagen	Frederick	Knoll	Rued	Ulland, J.
Brataas	Gearly	Laufenburger	Schaaf	Wegener
Chenoweth	Gunderson	Luther	Schmitz	Willet
Chmielewski	Hanson	Menning	Setzepfandt	
Coleman	Hughes	Merriam	Sillers	
Davies	Johnson	Nelson	Spear	
Dieterich	Keefe, J.	Nichols	Strand	

So the bill passed and its title was agreed to.

Without objection, the Senate reverted to the Order of Business of Reports of Committees.

**REPORTS OF COMMITTEES**

Mr. Coleman from the Subcommittee on Bill Scheduling, to which were referred S. F. Nos. 1343, 1476, 838, 1314, 758, 975, 959, 960, 961, 996, 1041 and H. F. Nos. 340, 99, 534, 588, 748, 222, 313, 508, 1018, 1062, 123, 1353, 546 makes the following report:

That the above Senate Files and House Files be placed on the General Orders Calendar in the order indicated.

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

Mr. Coleman moved the adoption of the foregoing committee report. The motion prevailed. Report adopted.

**MOTIONS AND RESOLUTIONS—CONTINUED**

Mr. Merriam moved that H. F. No. 223 be taken from the table. The motion prevailed.

H. F. No. 223: A bill for an act relating to education; providing for aids to education, aids to libraries, tax levies and the distribution of tax revenues; granting certain powers and duties to teachers, school bus drivers, school boards, school districts, educational cooperative service units, the Minnesota educational computing consortium, courts, the commissioner of education, the commissioner of health, the department of education, the state board of education and the state board for vocational education and other

state agencies; creating a legislative school finance study commission; changing the method of computing foundation aid and levy limitations; providing aid for sparsely populated school districts, basic skills programs, new jobs programs and programs for gifted and talented students; changing procedures for decisions concerning the education of handicapped children; increasing tuition at area vocational-technical institutes; appropriating money; amending Minnesota Statutes 1978, Sections 3.9271, Subdivision 1, and by adding a subdivision; 3.9272; 16.93; 120.075; 120.17, Subdivisions 3b and 7a; 121.912, by adding a subdivision; 121.92, Subdivision 2; 123.34, Subdivision 8; 123.35, by adding a subdivision; 123.58, Subdivision 6, and by adding a subdivision; 123.702, Subdivision 1, and by adding a subdivision; 123.703, Subdivisions 1 and 3; 123.705; 123.741, Subdivision 1; 123.937; 124.01; 124.11, Subdivision 4; 124.17, Subdivision 1; 124.212, Subdivisions 1, 6c, 7c, 11, 20, and by adding subdivisions; 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; 124.223; 124.245, Subdivisions 1 and 2; 124.26, Subdivision 3; 124.271, Subdivisions 2, 5, and by adding a subdivision; 124.32, Subdivisions 1, 1a, 5, 7 and 10; 124.561, Subdivision 3a; 124.562, Subdivisions 1 and 2; 124.563, Subdivision 1; 124.565, Subdivision 3, 4, and by adding a subdivision; 124.572, Subdivision 2; 124.574, Subdivision 2; 124.646, Subdivision 1; 125.60, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 125.61, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 126.39, Subdivision 10; 126.40, Subdivision 3; 126.41, Subdivision 1; 126.52, Subdivision 10; 126.53, Subdivision 3; 126.54, Subdivision 1; 128A.02, Subdivision 6; 134.30, by adding a subdivision; 134.32, Subdivision 5; 134.33, Subdivision 1; 134.34, Subdivisions 1 and 2; 134.35, Subdivisions 1 and 2; 169.44, Subdivisions 1, 2, and by adding subdivisions; 275.125, Subdivisions 1, 2a, 2b, 8, 11a, and by adding subdivisions; 354.094, Subdivisions 3 and 6; 354.66, Subdivisions 1, 2, 3, 8, and by adding subdivisions; 354A.091, Subdivisions 1, 3, 6, and by adding a subdivision; 354A.22, Subdivisions 1, 2, 3, 8, and by adding subdivisions; 471.61, Subdivision 1b; and Chapters 124, by adding sections; and 134, by adding sections; repealing Minnesota Statutes 1978, Sections 120.171; 124.212, Subdivisions 6b and 7b; 124.241; 126.16; 126.18; 134.33, Subdivision 2; 169.44, Subdivisions 5 and 7; and 275.125, Subdivisions 6 and 7.

### 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. 223 and that the rules of the Senate be so far suspended as to give H. F. No. 223 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 223 was read the second time.

Mr. Merriam moved to amend H. F. No. 223 as follows:

Delete everything after the enacting clause and insert:

## **"ARTICLE I**

### **FOUNDATION AID PROGRAM**

Section 1. Minnesota Statutes 1978, Section 124.11, Subdivision 5, is amended to read:

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

Sec. 2. Minnesota Statutes 1978, 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:

(a) For handicapped pre-kindergarten pupils, as defined in section 120.03, enrolled in programs approved by the commissioner, one-half pupil unit;

(b) For kindergarten pupils enrolled in one-half day sessions throughout the school year or the equivalent thereof, one-half pupil unit; and

(c) For 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 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 quotient obtained when the sum of the numbers of actual pupil units in the district for the two prior years and the current year and one quarter of the number of actual pupil units in the district for the third prior year, is divided by 3.25 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. A district shall base its count of pupil units on the greater number obtained from either subclause (a) or (b) of this clause. Only pupil units as computed in clauses (1) and (2) shall be included for purposes of the computation made pursuant to this clause.

(a) 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 is less than the average of actual pupil units in the district for the three prior years and the current year, the number of pupil units shall equal the average of actual pupil units for three prior years and the current year.

(b) 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 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.*

(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.

(9) A district shall base its count of pupil units on the greater number obtained from clauses (1) and (2) or the greater number obtained from either clause (6) or (7).

Sec. 3. Minnesota Statutes 1978, Section 124.19, is amended by adding a subdivision to read:

*Subd. 2. In an elementary school where the number of instructional hours in the school day is greater than the number of instructional hours prescribed in the rules of the state board for the school day, the excess number of instructional hours for those days may be calculated to fulfill the requirements of subdivision 1, provided that the school is in session for not less than 160 days during the school year, and provided that no instructional hours are included from half-day sessions or any school day which has less instructional hours than the number of instructional hours prescribed in the rules of the state board.*

Sec. 4. Minnesota Statutes 1978, Section 124.20 is amended to read:

124.20 [EDUCATION; STATE AID; SUMMER SCHOOL AND FLEXIBLE SCHOOL YEAR CLASSES.] Foundation aid for (1) summer school classes which are not a part of the regular school term in hospitals, sanatoriums, and home instruction programs, (2) inter-session classes of flexible school year programs, and (3) summer school classes in elementary and secondary schools, and (4) summer school instruction in teachers college laboratory schools or in the university laboratory school, shall be paid at a proportionate rate for foundation aids paid but not less than 50 percent of the foundation aid formula allowance for the preceding regular school year; provided that no district shall receive aid for programs under this section in an amount greater than its actual

expenditures for these programs; provided further, that for purposes of computing summer school foundation aid, a district's foundation aid for the regular school year shall be reduced by the amount of the agricultural tax credit included in that foundation aid.

Sec. 5. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.211] [STATE SCHOOL 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 mills on the property. The county auditor shall reduce the tax for school purposes on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, by an amount that would be produced by applying a rate of ten mills on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.*

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

Sec. 6. Minnesota Statutes 1978, Section 124.212, Subdivision 1, is amended to read:

124.212 [FOUNDATION AID.] Subdivision 1. The foundation aid program for school districts for school years ~~1977-1978~~ 1979-1980 and ~~1978-1979~~ 1980-1981 shall be governed by the terms and provisions of this section.

Sec. 7. Minnesota Statutes 1978, Section 124.212, Subdivision 6c, is amended to read:

Subd. 6c. For the 1979-1980 school year a district shall receive in foundation aid ~~\$1,155~~ \$1,182 per pupil unit less 27 mills times the 1977 adjusted assessed valuation of the district, plus the amount of the agricultural tax credit by which 1978 payable 1979 property taxes in the district are reduced pursuant to the state school agricultural credit in section ~~273.132~~ 5 of this article.

Sec. 8. Minnesota Statutes 1978, Section 124.212, Subdivision 7c, is amended to read:

Subd. 7c. For the 1980-1981 school year a district shall receive in foundation aid ~~\$1,220~~ \$1,265 per pupil unit less ~~27~~ 24 mills times the 1978 adjusted assessed valuation of the district, plus the amount of the agricultural tax credit by which 1979 payable 1980 property taxes in the district are reduced pursuant to *the state school agricultural credit in section 273.132 5 of this article.*

Sec. 9. Minnesota Statutes 1978, Section 124.212, Subdivision 10, is amended to read:

Subd. 10. (a) The equalization aid review committee, consisting of the commissioner of education, the commissioner of administration, and the commissioner of revenue, is hereby continued and permanently established. The duty of this committee shall be to review the assessed valuation of the districts of the state. When such reviews disclose reasonable evidence that the assessed valuation of any district furnished by any county auditor is not based upon the market value of taxable property in such district, then said committee shall call upon the department of revenue to ascertain the market value of such property, and adjust such values as required by law to determine the adjusted assessed valuation. The department of revenue shall take such steps as are necessary in the performance of that duty and may incur such expense as is necessary therefor. The commissioner of revenue is authorized to reimburse any county or governmental official for services performed at his request in ascertaining such adjusted valuation. On or before March 15, annually, the department of revenue shall submit its report on the assessed values established by the previous year's assessment to said committee for approval or rejection and, if approved, such report shall be filed not later than the following July 1 with the commissioner of education and each county auditor for those school districts for which he has the responsibility for determination of mill rates. A copy of the adjusted assessed value so filed shall be forthwith mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which such district is located.

(b) For purposes of determining the adjusted assessed value of agricultural lands for the calculation of ~~1977~~ 1978 adjusted assessed values and thereafter, the market value of agricultural lands shall be the arithmetic average of ~~(1) the price for which the property would sell in an arms length transaction; and (2) the income which could be derived from its free market gross rental rate capitalized at a rate of nine ten percent. Value determined pursuant to this clause shall be based on comparison of income and assessments from only the most recent applicable year, and shall not be subject to a three-year series of comparisons.~~

Sec. 10. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:



[124.216] *Subdivision 1. [DEFINITION.] For the purposes of this section "pupil unit" has the meaning defined in section 124.17, subdivision 1, clauses (1) and (2).*

*Subd. 2. For the 1980-1981 and 1981-1982 school years, a district with 950 or less pupil units which receives less than \$200 per pupil unit in foundation aid under that year's foundation aid formula provided in section 124.212 shall receive the difference between \$200 per pupil unit and the amount the district receives per pupil unit under that year's foundation aid. This payment shall be known as the minimum aid payment.*

*Subd. 3. A district which qualifies to receive aid pursuant to subdivision 2 of this section and which qualifies to receive aid pursuant to section 11 of this article shall receive the greater amount provided by either section, but shall not receive aid under both sections.*

*Subd. 4. The payments made to a district pursuant to subdivision 2 shall not be treated as a district's foundation aid formula allowance for any purpose except that the date of the payments shall be as provided in section 124.11.*

Sec. 11. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.224] [SPARSITY AID.] *Subdivision 1. The sparsity aid allowance program for school years 1979-1980 and 1980-1981 shall be governed by the terms and provisions of this section.*

*Subd. 2. [DEFINITIONS.] As used in this section, the terms defined in this subdivision have the meanings given them.*

(a) *"High school" means a secondary school, as defined in Minnesota Statutes, Section 120.05, Subdivision 2, Clause (3), which enrolls pupils in each of grades ten, eleven and twelve.*

(b) *"Secondary average daily membership" means the following:*

(i) *In a school district with only one high school, secondary average daily membership means the average daily membership of resident pupils in grades seven through twelve, as defined in section 124.17, subdivision 2.*

(ii) *In a school district with more than one high school, secondary average daily membership for a high school means the average daily membership of resident secondary pupils enrolled in the high school, as defined in section 124.17, subdivision 2, plus the average daily membership of resident pupils in grades 7, 8 and 9 attending public school who are not currently enrolled in that high school but who would ordinarily progress to grades 10, 11 and 12 in that high school.*

(c) *"Attendance area" means the quotient of the total surface area of a district divided by the number of high schools in the district.*

(d) *"Isolation index" means the sum of:*

(i) *The distance in miles measured by the usual traveled routes between a particular high school in a district and the nearest other high school, plus*

(ii) *The square root of one-half the attendance area.*

(e) *"Qualifying high school" means a high school with an isolation index of greater than 18 and with secondary average daily membership of less than 500 in the year for which the aid is to be paid.*

**Subd. 3. [QUALIFICATION.]** *To qualify for aid under this section, a district must have at least one qualifying high school.*

**Subd. 4. [COMPUTATION.]** *A district which qualifies for aid under this section shall receive an amount of aid equal to the sum of the amounts determined by computing the following product for each qualifying high school in the district:*

(a) *93 percent of the foundation aid formula allowance for the school year, multiplied by*

(b) *The secondary average daily membership, multiplied by*

(c) *The quotient obtained by dividing (1) the remainder of 500 minus the secondary average daily membership by (2) the sum of 500 plus the secondary average daily membership, multiplied by*

(d) *The quotient obtained by dividing (1) the remainder of the isolation index minus 18 by (2) the isolation index.*

**Subd. 4a. [ISOLATED ELEMENTARY SCHOOLS.]** *Any school district which operates an elementary school, as defined in Minnesota Statutes, Section 120.05, Subdivision 2, enrolling fewer than 20 pupils, and which is at least 50 miles by the most direct paved roads from the nearest other Minnesota elementary school, shall receive an amount equal to the foundation aid formula allowance times the number of pupils enrolled in that school in addition to all other aids the district is entitled to pursuant to chapter 124.*

**Subd. 5. [AID PAYMENTS.]** *The aid in this section shall be in addition to all other aids a school district receives. The aid payments in this section shall be paid to a district pursuant to section 124.11.*

**Subd. 6. [DUTIES OF DEPARTMENT OF EDUCATION.]** *The department of education shall determine the measurement and calculation of the isolation index and all other data necessary to implement this section.*

**Sec. 12.** *Minnesota Statutes 1978, Section 272.115, Subdivision 4, is amended to read:*

**Subd. 4.** *Beginning with taxes payable in 1979, no real estate sold on or after January 1, 1978 for which a certificate of value is required pursuant to subdivision 1 shall receive the homestead credit provided under section 273.13, subdivisions 6 and 7; the*

*state school agricultural mill credit provided in section 273.132 5 of this article; or the taconite homestead credit provided in sections 273.134 to 273.136, unless a certificate of value has been filed with the county auditor in accordance with this section.*

This subdivision shall apply to any real estate taxes that are payable the year or years following the sale of the property.

Sec. 13. Minnesota Statutes 1978, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed at 18 percent of the market value thereof in 1977, for taxes payable in 1978, and at 16 percent thereafter. The property tax to be paid on class 3b property as otherwise determined by law not exceeding 120 acres less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by 45 percent of the tax; provided that the amount of said reduction shall not exceed \$325. Valuation subject to relief in 1977 for taxes payable in 1978 shall be limited to 120 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and, such other structures as may be included thereon utilized by the owner in an agricultural pursuit. For taxes levied in 1978 payable 1979 and subsequent years, valuation subject to relief shall be limited to 160 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and such other structures as may be included thereon utilized by the owner in an agricultural pursuit. If the market value is in excess of the homestead base value, the amount in excess of that sum shall be valued and assessed at 31 percent of its market value in 1977, for taxes payable in 1978, and at 30 percent thereafter. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Agricultural land as used herein, and in section 273.132 5 of this article, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

Sec. 14. Minnesota Statutes 1978, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. (1) In 1977 1979 , a school district may levy for all general and special school purposes, an amount equal to the amount

raised by 28 24 mills times the 1976 1978 adjusted assessed valuation of the district *less any amount received pursuant to section 8 of this article.*

(2) In 1978 1980 , a school district may levy for all general and special school purposes, an amount equal to the amount raised by 27 21 mills times the 1977 1979 adjusted assessed valuation of the district *less any amount received pursuant to section 8 of this article.*

(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 1978, payable in 1979, the foundation aid to the district for the 1979-1980 school year, and for subsequent levies, foundation aid for subsequent school years, calculated pursuant to section 124.212, shall be reduced to an amount equal to the 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. For purposes of computations pursuant to this clause, the maximum levy allowable and the actual levy under clauses (1) and (2) shall be increased 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. 15. Minnesota Statutes 1978, Section 276.04, is amended to read:

276.04 [NOTICE OF RATES; PROPERTY TAX STATEMENTS.] On receiving the tax lists from the county auditor, the county treasurer shall, if directed by the county board, give three weeks' published notice in a newspaper specifying the rates of taxation for all general purposes and the amounts raised for each specific purpose. He shall, whether or not directed by the county board, cause to be printed on all tax statements, or on an attachment, a tabulated statement of the dollar amount due to each taxing authority and the amount to be paid to the state of Minnesota from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the state, county, township or municipality and school district shall be separately stated but the amounts due other taxing districts, if any, may be aggregated. The property tax statements for class 2a property shall contain the same information that is required on the tax statements for real property. The county treasurer shall mail to taxpayers statements of their personal property taxes due, such statements to be mailed not later than February 15 (except in the case of Class 2a property), statements of the real property taxes due shall be mailed not later than January 31; provided, that the validity of the tax shall not be affected by failure of the treasurer to mail such statement. Such real and personal property tax statements shall contain the market value, as defined in section 272.03, subdivision 8, used in determining the tax. The statement shall also include the base tax as defined in section 273.011, subdivision 4, for qualified property as defined in section 273.011 for which the credit provided for in section 273.012 is claimed. The statement shall show the amount attributable to section 273.132 5 of this article as "state paid school agricultural credit" and the amount attributable to section 273.13, subdivisions 6 and 7 as "state paid homestead credit". The commissioner of revenue shall provide each county auditor with the names of those persons in the assessor's district who have filed and qualified for the property tax credit pursuant to sections 273.011 and 273.012 and shall inform the assessor of the base tax of those persons. If so directed by the county board, the treasurer shall visit places in the county as he deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists.

Sec. 16. Minnesota Statutes 1978, Section 290A.03, Subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made pursuant to section 273.13, subdivisions 6 and 7, but after deductions made pursuant to ~~sections 273.132~~ *section 5 of this article and section 273.135*, in 1977 or any calendar year thereafter. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are mobile homes as defined in section 168.011, subdivision 8, "property taxes payable" shall also include 22 percent of gross rent paid in the preceding year for the site on which the homestead is located, exclusive of charges for utilities or services. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable", the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable.

Sec. 17. [REPEALER.] *Minnesota Statutes 1978, Sections 124.212, Subdivisions 6b and 7b; and 273.132 are repealed.*

Sec. 18. [DEFICIENCY APPROPRIATION.] *There is appropriated from the general fund to the department of education the sum of \$1,155,000 for a deficiency in fiscal year 1979 for 1978 summer school programs.*

Sec. 19. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [FOUNDATION AID.] *For foundation aid there is appropriated:*

\$640,740,000      1980,

*This amount includes \$58,600,000 for aid for fiscal year 1979 payable in fiscal year 1980, and \$582,140,000 for aid for fiscal year 1980 payable in fiscal year 1980.*

\$683,200,000      1981.

*This amount includes \$60,000,000 for aid for fiscal year 1980 payable in fiscal year 1981, and \$623,200,000 for aid for fiscal year 1981 payable in fiscal year 1981.*

*Subd. 3. [SUMMER SCHOOL.] For state aid for summer school there is appropriated:*

*\$11,760,000      1980,*

*This amount is for 1979 summer school programs.*

*\$12,620,000      1981.*

*This amount is for 1980 summer school programs.*

*Subd. 4. [SPARSITY AID.] For sparsity aid pursuant to section 11 of this article there is appropriated:*

*\$1,547,000      1980,*

*\$1,903,000      1981.*

*(a) The appropriation in this subdivision for fiscal year 1981 includes an amount not to exceed \$170,500 for the payment of the final sparsity aid distribution for fiscal year 1980, and \$1,719,500 for aid for fiscal year 1981, payable in fiscal year 1981.*

*Subd. 5. [EDUCATIONAL PROGRAMS THROUGH GRADE THREE.] The legislature recognizes the importance of the early years of learning to the child and to society. This appropriation shall provide additional resources for educational programs before grade four. For aid pursuant to this subdivision there is appropriated \$2,000,000 for the biennium ending June 30, 1981.*

*Subd. 6. [MINIMUM AID PAYMENT.] For the minimum aid payment pursuant to section 10 of this article there is appropriated:*

*\$2,000,000      1981.*

*Subd. 7. Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amounts in subdivisions 4 and 5 attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.*

## ARTICLE II

### TRANSPORTATION AID PROGRAM

*Section 1. Minnesota Statutes 1978, Section 120.17, Subdivision 4, is amended to read:*

*Subd. 4. [SPECIAL INSTRUCTIONS FOR NON-RESIDENT CHILDREN.] When a school district provides instruction and services outside the district of residence, ~~transportation or board~~ and lodging, and any tuition to be paid, shall be paid by the district of residence. ~~Transportation costs shall be paid by the district providing the transportation, and the state shall reimburse the district within the limits provided by law.~~ The tuition rate to be charged for any handicapped child shall be the actual cost of pro-*

viding special instruction and services to the child including a proportionate amount for capital outlay and debt service minus the amount of special aid for handicapped children received on behalf of that child. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. The commissioner shall then set a date for a hearing, giving each board at least ten days' notice, and after the hearing the commissioner shall make his order fixing the tuition rate, which shall be binding on both school districts.

For the purposes herein, any school district may enter into an agreement, upon such terms and conditions as may be mutually agreed upon, to provide special instruction and services for handicapped children. In that event, one of the participating units may employ and contract with necessary qualified personnel to offer services in the several districts, and each participating unit shall reimburse the employing unit a proportionate amount of the actual cost of providing the special instruction and services, less the amount of state special education aid, which shall be claimed in full by the employing district.

Sec. 2. Minnesota Statutes 1978, Section 120.17, Subdivision 6, is amended to read:

Subd. 6. [PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.] The responsibility for special instruction and services for a handicapped child temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The school district of residence of such a child shall be the district in which his parent resides, if living, or his guardian, or the district designated by the commissioner of education if neither parent nor guardian is living within the state.

(b) The district providing the instruction shall maintain an appropriate educational program for such a child and shall bill the district of the child's residence for the actual cost of providing the program, as outlined in subdivision 4, except that the board, lodging, and treatment costs incurred in behalf of a handicapped child placed outside of the school district of his residence by the commissioner of public welfare or the commissioner of corrections or their agents, for reasons other than for making provision for his special educational need shall not become the responsibility of either the district providing the instruction or the district of the child's residence.

(c) The district of residence shall pay tuition and other program costs to the district providing the instruction and the district of residence may claim foundation aid for the child as provided by law. Special transportation costs shall be paid by the district of the child's residence *providing the transportation* and the state shall reimburse *the district* for such costs within the limits set forth in section 124.32, subdivision 3 *provided by law*.

Sec. 3. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:



**[124.224] [TRANSPORTATION AID ENTITLEMENT.]**

*Subdivision 1. [DEFINITIONS.] (a) "FTE" means each transported authorized full time equivalent student. (b) "Total authorized cost" includes all authorized transportation expenditures in section 124.223. (c) "Total authorized predicted cost" is based on all authorized transportation expenditures in section 124.223 and includes an amount equal to  $12\frac{1}{2}$  percent of the original cost of the district's bus fleet as of July 1 of each year plus  $33\frac{1}{3}$  percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections.*

*Subd. 2. For the 1979-1980 school year, the state shall pay to each school district for all pupil transportation and related services which the district is authorized by law to receive state aid an amount determined according to a linear regression formula for each planning region determined by the department of education to be within the appropriated amount and to maximize the amount of variance accounted for between the total actual authorized cost per FTE for the 1977-1978 school year and the formula predicted amount for the 1977-1978 school year. This amount shall be adjusted according to the provisions of subdivisions 5 and 7.*

*Subd. 3. For the 1980-1981 school year the state shall pay to each school district for all pupil transportation and related services which the district is authorized by law to receive state aid an amount determined according to a linear regression formula determined by the department of education to be within the appropriated amount and to maximize the amount of variance accounted for between the total actual authorized cost per FTE for the 1978-1979 school year and the formula predicted amount for the 1978-1979 school year. This amount shall be adjusted according to the provisions of subdivisions 6 and 7.*

*Subd. 4. To predict the natural logarithm of the total authorized cost per FTE transported authorized by law, the linear regression formula shall use the variables and all cross products of the following logarithmic terms:*

*(1) The natural logarithm of 1.00 divided by the total authorized FTE transported;*

*(2) The natural logarithm of the sum of 100 plus the difference between the state average of the square root of the regular and summer school authorized FTE transported per square mile minus the square root of the regular and summer FTE transported per square mile;*

*(3) The natural logarithm of the ratio of regular and summer school authorized FTE transported to the district's total average daily membership;*

*(4) The natural logarithm of regular and summer school authorized FTE transported per square mile;*

*(5) The natural logarithm of the district's average daily membership;*

(6) *The natural logarithm of the size of the district measured in square miles; and*

(7) *The natural logarithm of the total FTE transported by the district authorized for aid pursuant to section 124.223 minus the regular and summer school authorized FTE transported.*

*Subd. 5. The amount predicted per FTE in subdivision 2 for 1977-1978 shall be increased by 17 percent. This amount shall be a district's basic aid for the 1979-1980 school year.*

*Subd. 6. The amount predicted per FTE in subdivision 3 for 1978-1979 shall be increased by 17 percent. This amount shall be a district's basic aid for the 1980-1981 school year.*

*Subd. 7. (A) For each school year the department shall apply the formula in subdivision 4 as adjusted by subdivision 5 or 6 to the actual number of FTE transported in each district. The amount predicted by the formula for that year shall then be compared to the total actual expenditure per FTE for authorized transportation for each district for that year.*

*(B) The comparison in clause (A) shall be used to determine the total aid entitlement for a district.*

*(C) If the predicted amount is greater than the district's actual expenditure per FTE, its aid entitlement shall equal the predicted amount minus 10 percent of the first \$10 of difference between the predicted amount and the actual expenditures; minus 20 percent of the next \$20; minus 40 percent of the next \$20; minus 60 percent of the next \$50; and minus 75 percent of the difference which exceeds \$100.*

*(D) If the predicted amount is less than the district's actual authorized expenditure per FTE, its aid entitlement shall equal the predicted amount plus 10 percent of the first \$10 of difference between the predicted amount and the actual expenditure; plus 20 percent of the next \$20; plus 40 percent of the next \$20; plus 60 percent of the next \$50; and plus 75 percent of the difference which exceeds \$100.*

*(E) The aid a district receives pursuant to this subdivision shall be reduced by the amount raised by one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the corresponding aid year.*

*(F) Before August 15 of each year, districts shall provide the department with the information from the previous school year the department determines is necessary to compute the final transportation payment.*

*Subd. 8. (A) Each district shall report to the department before July 1 of each year an estimate for the next school year of the total number of FTE transported by category and an estimate of the district's total authorized cost.*

*(B) The department shall determine an estimated total authorized cost per FTE for each district. The department shall*

compare the basic aid amount predicted according to the formula in subdivision 4 for the appropriate year with the total estimated authorized cost per FTE for authorized transportation for each district for that year.

(C) If the predicted basic aid amount for that year is greater than the estimated authorized cost per FTE, the amount a district receives for that year shall equal the predicted basic aid amount minus 10 percent of the first \$10 of difference between the estimated authorized cost per FTE and the predicted basic aid amount minus 20 percent of the next \$20; minus 40 percent of the next \$20; minus 60 percent of the next \$50; and minus 75 percent of the amount which exceeds \$100.

(D) If the predicted basic aid amount for that year is less than the estimated authorized cost per FTE, the amount a district receives shall equal the predicted basic aid amount for that year plus 10 percent of the first \$10 of difference between the estimated authorized cost per FTE and the predicted basic aid amount plus 20 percent of the next \$20; plus 40 percent of the next \$20; plus 60 percent of the next \$50; and plus 75 percent of the amount which exceeds \$100.

(E) The aid a district receives pursuant to this subdivision shall be reduced by the amount raised by one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the corresponding aid year.

Subd. 9. Any school district which owns school buses shall transfer annually from its transportation fund to its bus purchase fund an amount equal to  $12\frac{1}{2}$  percent of the original cost of each bus until the original cost of each bus is fully amortized plus  $33\frac{1}{3}$  of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections. Any school district may transfer any amount from its transportation fund to its bus purchase fund.

Sec. 4. Minnesota Statutes 1978, Section 124.222, Subdivision 3, is amended to read:

Subd. 3. [PAYMENT SCHEDULE.] Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, the state shall pay to each school district 30 percent of its estimated school transportation aid entitlement for the fiscal year on or before each of the following dates: August 31, December 31, and March 31. The amount of transportation aid for school bus depreciation shall be paid on or before September 30. The final aid distribution to each district shall be made on or before October 31 of the following fiscal year.

Sec. 5. [REPEALER.] Minnesota Statutes 1978, Section 124.222, Subdivisions 1a, 1b, 2a, 2b and 6 are repealed.

Sec. 6. [APPROPRIATIONS.] Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

*Subd. 2. [TRANSPORTATION AID.] For transportation aid there is appropriated:*

**\$89,138,000      1980**

*This amount includes \$7,600,700 for aid for fiscal year 1979 payable in fiscal year 1980, and \$81,537,300 for aid for fiscal year 1980 payable in fiscal year 1980.*

**\$92,502,000      1981**

*This amount includes \$9,000,000 for aid for fiscal year 1980 payable in fiscal year 1981.*

*Subd. 3. Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.*

### ARTICLE III

#### SPECIAL AND COMPENSATORY EDUCATION AID

Section 1. Minnesota Statutes 1978, Section 120.17, Subdivision 3b, is amended to read:

**Subd. 3b. [PROCEDURES FOR DECISIONS.]** Every district shall utilize at least the following procedures for decisions involving identification, assessment and educational placement of handicapped children:

(a) Parents and guardians shall receive prior written notice of: (1) any proposed formal educational assessment of their child; (2) a proposed placement of their child in, transfer from or to or denial of placement in a special education program; or (3) the proposed provision, addition, denial or removal of special education services for their child;

(b) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference if they object to any proposal of which they are notified pursuant to clause (a);

(c) Parents and guardians shall have an opportunity to obtain an informal due process hearing initiated and conducted in the school district where the child resides, if after at least one conciliation conference the parent or guardian continues to object to: (1) a proposed formal educational assessment of their child; (2) the proposed placement of their child in, or transfer of their child to a special education program; (3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program; (4) the proposed provision or addition of special education services for their child; or (5) the proposed denial or removal of special education services for their child.

At the option of the school board, The hearing shall take place either before the school board; or (1) its designee, (2) a person

mutually agreed to by the school board and the parent or guardian, or (3), if they are unable to reach agreement, before a person appointed by the commissioner. A decision pursuant to (1), (2), or (3) shall be subject to review by the school board within ten days at its option. No member of the school board of the district where the child resides or of the child's school district of residence or no employee of the school district or of either district, if the two districts are different, shall preside at the hearing. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(d) Within five 45 days of receipt of a written request for a hearing or review pursuant to clause (c), the person or persons conducting the hearing or review shall issue a local decision which shall be binding on all parties unless appealed to the commissioner by the parent, or guardian or school board pursuant to clause (e).

The local decision shall:

(1) be in writing;

(2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the commissioner of the basis and reason for the decision;

(3) state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;

(4) state the amount and source of any additional district expenditure necessary to implement the decision; and

(5) be based on the standards set forth in subdivision 3a and the rules of the state board.

(e) Any local decision issued pursuant to clauses (c) and (d) may be appealed to the commissioner within 15 days of receipt of that written decision, by the parent, or guardian or school board. The parent, guardian or school board shall may be a party to any appeal.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five days of the filing of the appeal. However, for appeals of local decisions issued by school boards or their designees concerning proposals set forth in clause (c) (1), (2), and (4), no written transcript shall be made if the parent or guardian requests a chapter 15 due process hearing pursuant to this clause at the time the appeal is filed. The commissioner shall issue a final decision based on a review of the local decision and the entire record within 30 days after receipt of the local decision and the transcript. However, in appeals of local decisions issued by school boards or their designees concerning proposals set forth in clause (c) (1), (2) and (4), a parent or guardian may, at the time the appeal is filed, request a due process hearing conducted pursuant to the provisions of chapter 15. In that case the commissioner shall issue

a final decision within 30 days after that hearing and the final decision shall be based on the report of the hearing examiner.

The final decision shall:

- (1) be in writing;
- (2) include findings and conclusions; and
- (3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.

(f) The decision of the commissioner shall be final unless appealed by the parent or guardian or school board to the district court of the county in which the school district in whole or in part is located. The scope of judicial review shall be as provided in chapter 15.

(g) The child's school district of residence, if different from the district where the child actually resides, shall receive notice of and may be a party to any hearings or appeals pursuant to this subdivision.

Sec. 2. Minnesota Statutes 1978, Section 120.17, Subdivision 7a, is amended to read:

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

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

(b) When it is determined pursuant to section 128A.05, subdivisions 1 or 2 that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the actual cost of providing the program; provided, however, that the amount of tuition charged shall not exceed \$2,000 \$2,500 for *any an entire school year or a pro-rated amount based on the number of days of attendance of the child if less than an entire school year.* The district of the child's residence shall pay the tuition and may claim foundation aid for the child. All tuition so received shall be deposited in the state treasury.

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

shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law;

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

(e) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to supply staff from the Minnesota School for the Deaf and the Minnesota Braille and Sight-Saving School to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

Sec. 3. Minnesota Statutes 1978, 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:

(a) For *each* handicapped pre-kindergarten pupils and *each* handicapped kindergarten pupil, as defined in section 120.03, enrolled in programs approved by the commissioner, ~~one half pupil unit~~ *a number of pupil units equal to the ratio of the number of hours of education services in the school year required by the pupil's individual education program plan developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;*

(b) For kindergarten pupils enrolled in one-half day sessions throughout the school year or the equivalent thereof, one-half pupil unit; and

(c) For 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 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 quotient obtained when the sum of the numbers of actual pupil units in the district for the two prior years and the current year and one quarter of the number of actual pupil units in the district for the third prior year, is divided by 3.25 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. 4. Minnesota Statutes 1978, Section 126.39, Subdivision 10, is amended to read:

Subd. 10. [REPORT.] The state board shall make a report to the legislature, the governor and the public on or before ~~September 1, 1979~~ *February 1, 1980*. This report shall include the results of the needs assessment, including an evaluation of the pilot programs, the number of children served in programs for each language group; the cost of the program per pupil for each pilot program language group, and program type; the number of children in each school district, language group and program type who, as a result of the bilingual education program, improved their English language ability to such an extent that the program is no longer necessary for those children; and recommendations for legislation including any need for expansion and accompanying plans and cost estimates in the areas of bilingual education.

Sec. 5. Minnesota Statutes 1978, Section 126.40, Subdivision 3, is amended to read:

Subd. 3. [TERMS.] *The advisory task force shall expire and The terms, compensation, and removal of members of the advisory task force shall be as provided for in section 15.059, subdivision 6. Notwithstanding the provisions of section 15.059, subdivision 6, the advisory task force shall expire June 30, 1980.*

Sec. 6. Minnesota Statutes 1978, Section 126.41, Subdivision 1, is amended to read:

126.41 [PILOT PROGRAMS.] Subdivision 1. [GRANTS, PROCEDURES.] For fiscal years 1978, and 1979, *and 1980* as part of the needs assessment effort, the state board of education shall make grants to no fewer than three transitional bilingual education programs. At least one pilot bilingual program shall be in a rural area. The board of a local district or a group of boards may submit a proposal for a grant for a transitional bilingual education program. The state board shall prescribe the form and manner of application for grants and no grant shall be made for proposals not complying with the requirements of sections 126.31 to 126.42. ~~Every program proposal shall be submitted to the state board not less than six months before the planned commencement of the program; provided, however that this six month requirement shall not apply to school districts with an existing bilingual education program established and approved pursuant to section 701 et seq., of Title VII of the Elementary and Secondary Education Act of 1965. The state board shall submit all proposals to the state advisory task force on bilingual education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.~~

Sec. 7. Minnesota Statutes 1978, Section 126.52, Subdivision 10, is amended to read:

Subd. 10. [REPORT.] The state board shall make a report to the legislature, the governor and the public on or before ~~September 1, 1979~~ *February 1, 1980*. This report shall include the results of the needs assessment, including an evaluation of the pilot programs, and recommendations for legislation in the area of American Indian language and culture education.

Sec. 8. Minnesota Statutes 1978, Section 126.53, Subdivision 3, is amended to read:

Subd. 3. ~~The advisory task force shall expire and~~ The terms, compensation, and removal of members *of the advisory task force* shall be as provided for in section 15.059, subdivision 6. *Notwithstanding the provisions of section 15.059, subdivision 6, the advisory task force shall expire June 30, 1980.*

Sec. 9. Minnesota Statutes 1978, Section 126.54, Subdivision 1, is amended to read:

126.54 [PILOT PROGRAMS.] Subdivision 1. [GRANTS; PROCEDURES.] For fiscal years 1978, and 1979, *and 1980* as part of the needs assessment effort, the state board of education shall make grants to no fewer than six school year pilot American Indian language and culture education programs. At least three pilot programs shall be in urban areas and at least three shall be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of pilot American Indian language and culture education programs. Proposals may provide for contracts for the provision of program components by nonsectarian non-public, community, tribal or alternative schools. The state board shall prescribe the form and manner of application for grants and no grant shall be made for a proposal not complying with the requirements of sections 126.45 to 126.55. ~~Every program proposal shall be submitted to the state board not less than six months before the planned commencement of the program.~~ The state board shall submit all proposals to the state advisory task force on American Indian language and culture education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

Sec. 10. Minnesota Statutes 1978, Section 124.32, Subdivision 1, is amended to read:

124.32 [HANDICAPPED CHILDREN.] Subdivision 1. The state shall pay to any district:

(a) for the employment in its educational program for handicapped children, 60 percent of the salary of essential personnel ~~in 1977-1978 and the greater of:~~

(1) (a) 69 percent of the salary of essential personnel in 1978-1979, but this amount shall not exceed \$11,500 in 1977-1978 or \$12,000 in 1978-1979 for the normal school year for each full time

person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district; *plus*

(b) *Plus five percent of the salaries of essential personnel employed in its educational program for handicapped children, for the purpose of recognizing additional support costs of educational programs for handicapped children; or*

(2) *70 percent of the salary of essential personnel for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.*

(3) *A district shall receive aid pursuant to only one clause of clauses (1) and (2) of this subdivision for a school year.*

Sec. 11. Minnesota Statutes 1978, 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); the foundation aid formula allowance per pupil unit shall be \$1,095 for the 1978-1979 school year, \$1,155 for the 1979-1980 school year, and \$1,220 for the 1980-1981 school year. 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).

Sec. 12. Minnesota Statutes 1978, 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 and the foundation aid formula allowance in the resident district, for each handicapped child placed in a residential facility. Not more than \$550,000 for 1977-1978, \$590,000 for 1979-1980 and \$600,000 for 1980-1981 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 handi-

capped, the multiple handicapped, or the most severely handicapped children within the state.

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

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

Sec. 13. Minnesota Statutes 1978, Section 124.32, Subdivision 10, is amended to read:

Subd. 10. The state shall pay aid for 1977 summer school programs for handicapped children on the basis of the formula applicable to the 1977-1978 school year. Beginning with the summer of 1978, The state shall pay aid for summer school programs for handicapped children on the basis of the sections of Minnesota Statutes providing aid for handicapped children for the preceding school year. On or before March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of his action and of the estimated amount of aid for the summer school programs. Aid for these programs shall be paid on or before the October 1 after the summer when the programs are conducted.

Sec. 14. [DEFICIENCY AUTHORIZATION.] *Subdivision 1. The department of education is authorized to make an additional payment of \$209,839 for the fiscal year ending June 30, 1978 for aid pursuant to section 124.32, subdivision 5, from funds available for special education aids in fiscal year 1978.*

*Subd. 2. The department of education is authorized to make an additional payment of \$230,000 for the fiscal year ending June 30, 1979 for aid pursuant to section 124.32, subdivision 5, from funds available for special education aids in fiscal year 1979.*

Sec. 15. [SPECIAL AND COMPENSATORY EDUCATION AIDS; APPROPRIATION.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

*Subd. 2. For special education aid in 1980 there is appropriated: \$87,155,600. This amount includes:*

- |                  |  |
|------------------|--|
| (A) \$74,747,300 | for aid for fiscal year 1980<br>payable in fiscal year 1980;   |
| (B) \$ 7,278,000 | for the payment of the final special<br>education aid distribution to each<br>district for fiscal year 1979,<br>payable in fiscal year 1980; |

- (C) \$ 4,206,000 for special education aid for 1979 summer school program payable in fiscal year 1980; and
- (D) \$ 924,300 for aid pursuant to section 124.32, subdivision 5, payable in fiscal year 1980.

*Any unexpended balance remaining from the appropriations in clauses (A), (B), (C) or (D) of this subdivision shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in clause (A), (B), (C) or (D) of this subdivision shall be expended for a purpose other than the purpose indicated by that clause.*

*Subd. 3. For special education aid in 1981 there is appropriated: \$96,026,100. This amount includes:*

- (A) \$81,756,600 for aid for fiscal year 1981 payable in fiscal year 1981;
- (B) \$ 8,305,200 for the payment of the final special education aid distribution to each district for fiscal year 1980, payable in fiscal year 1981;
- (C) \$ 4,950,000 for special education aid for 1980 summer school program payable in fiscal year 1981; and
- (D) \$ 1,014,300 for aid pursuant to section 124.32, subdivision 5, payable in fiscal year 1981.

*Any unexpended balance remaining from the appropriations in clauses (A), (B), (C) or (D) of this subdivision shall cancel. None of the amounts appropriated in clause (A), (B), (C) or (D) shall be expended for a purpose other than the purpose indicated by that clause.*

*Subd. 4. If the appropriation amount in subdivision 2 or subdivision 3 attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.*

*Subd. 5. For grants to pilot bilingual education programs pursuant to section 126.41, subdivision 1, there is appropriated:*

*\$400,000.....1980.*

*Subd. 6. For grants to pilot American Indian language and culture education programs pursuant to section 126.54, subdivision 1, there is appropriated:*

*\$600,000.....1980.*

*Subd. 7. There is appropriated from the general fund to the department of education for the purposes of section 123.581 the sum of \$1,500,000 to be available until July 1, 1981. Of this amount \$17,000 shall be available for the year ending June 30, 1980 for the employment of one-half professional and one-half clerical employee beyond the existing complement of the department of education; \$17,000 shall be available for the year ending June 30, 1981 for the employment of one-half professional and one-half clerical employee beyond the existing complement of the department; and \$3,000 shall be available until June 30, 1981 for the payment of other necessary expenses incurred in the administration of section 123.581.*

**Sec. 16. [EFFECTIVE DATE.]** *Section 14 of this article shall be effective the day following final enactment.*

#### ARTICLE IV

##### COMMUNITY AND ADULT EDUCATION

**Section 1. Minnesota Statutes 1978, Section 124.26, Subdivision 1, is amended to read:**

**124.26 [EDUCATION PROGRAMS FOR ADULTS.]** Subdivision 1. For evening schools and continuing education programs for adults established for persons over 16 years of age and not in attendance upon regular day schools, the state shall compensate any district maintaining such programs in accordance with requirements established by the state board from funds appropriated for that purpose, or such funds combined with federal funds insofar as federal funds are available. The state shall pay these aids on a current funding basis. The portion of such compensation from state appropriation shall be 90 percent of the compensation paid each teacher for his services in such programs up to ~~\$8,000~~ \$18,000 per year for a full time teacher or a prorated amount for a part time teacher based on the costs in that current year. All classes shall be tuition free when taught by teachers subsidized under this section and there shall be no charge for registration, materials and supplies, or G.E.D. tests. Evening school and continuing education programs are defined as those public day or evening school programs which are established for persons over 16 years of age not in attendance at the full time elementary or secondary schools and which qualify such persons for the high school diploma, the high school equivalency certificate or for academic achievement at the secondary level.

**Sec. 2. Minnesota Statutes 1978, Section 124.271, is amended by adding a subdivision to read:**

*Subd. 1a. In fiscal year 1980, the state shall pay the greater of 75 cents per capita or \$5,000 to each school district which is operating a community school program in compliance with the rules promulgated by the state board and which has levied at least the lesser of \$1 per capita or the maximum permissible certified levy for community services pursuant to section 275.125, subdivision 8, clause (1), for use in that year.*

Sec. 3. Minnesota Statutes 1978, Section 124.271, Subdivision 2, is amended to read:

Subd. 2. In fiscal year ~~1978~~ 1981 and each year thereafter, the state shall pay ~~50 the greater of 75 cents per capita or \$7,000~~ to each school district which is operating a community school program in compliance with the rules promulgated by the state board and which has levied at least the lesser of \$1 per capita or the maximum permissible certified levy for community services pursuant to section 275.125, subdivision 8, clause (1), for use in that year.

Sec. 4. Minnesota Statutes 1978, Section 275.125, Subdivision 8, is amended to read:

Subd. 8. (1) In ~~1977~~ 1979, and each year thereafter, a district which has established a community school advisory council pursuant to section 121.88, may levy an amount of money raised by the greater of (A) \$2 \$2.50 per capita, or (B) the amount certified pursuant to this subdivision in 1976. These levies shall be used for community services including nonvocational adult programs, recreation and leisure time activity programs, and programs contemplated by sections 121.85 to 121.88. For purposes of computing the levy limitation pursuant to this subdivision, the amount certified pursuant to this subdivision in 1976 shall not reflect reductions pursuant to subdivision 9.

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

(3) The population of the district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Sec. 5. [DEFICIENCY APPROPRIATION.] *The sum of \$185,677 is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1979, for the payment of a deficiency in funds available for aid for adult education pursuant to section 124.26 in that year.*

Sec. 6. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

*Subd. 2. [ADULT EDUCATION AID.] For adult education aid pursuant to section 124.26, there is appropriated:*

**\$829,000      1980**

*This amount includes \$80,630 for aid for fiscal year 1979 payable in fiscal year 1980, and \$748,370 for aid for fiscal year 1980 payable in fiscal year 1980.*

**\$908,000      1981**

*This amount includes \$83,150 for aid for fiscal year 1980 payable in fiscal year 1981 and \$824,850 for aid for fiscal year 1981 payable in fiscal year 1981.*

*Subd. 3. [G.E.D. REIMBURSEMENT AID.] For G.E.D. reimbursement aid, there is appropriated:*

**\$75,000      1980,**

**\$81,000      1981.**

*Subd. 4. [COMMUNITY EDUCATION AID.] For community education aid, there is appropriated:*

**\$3,150,000      1980,**

**\$3,600,000      1981.**

*Subd. 5. Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.*

## ARTICLE V

### VOCATIONAL AID PROGRAM

Section 1. Minnesota Statutes 1978, 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 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, and Minnesota non-resident attendance, and the determination of the actual costs of providing individual programs, 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;

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

(f) (e) General administrative matters.

Sec. 2. Minnesota Statutes 1978, Section 124.11, Subdivision 2, is amended to read:

Subd. 2. *Ninety percent of the estimated post-secondary vocational foundation instructional aid shall be paid to districts in 12 equal monthly payments on the 15th of each month beginning July 15, 1976 in July 1979 except that for the 1979-80 school year the first payment shall be made September 15. The commissioner of education shall be authorized to advance payment of instructional aid to a district prior to September 15, 1979. The September 15, 1979 payment shall include the July 15 and August 15, 1979 payments minus any advance payments of instructional aid made. A final ten percent payment shall be made in September 1980 and September 1981 for the previous school years. These payments shall be adjusted to reflect the actual average daily membership for the previous school year. A final ten percent payment shall be made in September 1982 and each year thereafter. This payment shall be adjusted to reflect the actual annual student count for the prior school year. For the 1979-80 and 1980-81 school years, 90 percent of the estimated post-secondary vocational foundation instructional aid shall be paid on the basis of the prior year's department of education's estimates of the current year's average daily membership adjusted in September, December, March and June to reflect any increases or decreases in enrollment. Beginning with the 1981-82 school year the estimated post-secondary vocational instructional aid shall be paid on the basis of the department of education's estimates of the current year's annual student count, except that the average daily membership and the payments based thereon may be adjusted in September, December, March and June to reflect any increases or decreases in enrollment, pursuant to section 9, subdivision 11 of this article. The September payment in each fiscal year shall be increased or decreased to reflect any deficit or excess in post secondary vocational foundation aid received in the prior fiscal year. The state board for vocational education shall be authorized to transfer excess instructional aid to support services aid pursuant to section 11, subdivision 4 of this article when the board determines that there is an excess of instructional aid.*

Sec. 3. Minnesota Statutes 1978, Section 124.561, Subdivision 2, is amended to read:

Subd. 2. [CURRENT AID.] Beginning July 1, 1975, the state board for vocational education shall not enter into agreements to pay reimbursements but shall be obligated for reimbursement payments incurred in fiscal year 1975. Beginning July 1, 1976, All post-secondary vocational foundation instructional aid and post-secondary vocational categorical, capital expenditure, supply aid, capital expenditure aid, support services aid and debt service aid shall be paid for the current fiscal year in accordance with sections 124.561 to 124.565.

Sec. 4. Minnesota Statutes 1978, Section 124.561, Subdivision 3, is amended to read:

Subd. 3. [ALLOCATIONS.] Before January 1 of each year, post-secondary vocational technical school budgets for the following fiscal year shall be submitted to the state board for vocational education. The state board for vocational education shall approve authorize the budgets allocations of supply aid, support services aid, and capital expenditure aid for each district prior to August 15, 1979 and June 1 of each subsequent year after a consolidated public hearing held pursuant to subdivision 3a. No district shall increase its operating deficit during any fiscal year unless authorized to do so by the state board for vocational education. The state board for vocational education shall promulgate rules and may promulgate emergency rules which establish the approval criteria for budgets, including responsiveness to current and projected manpower needs of population groups to be served in the various geographic areas and communities of the state, particularly disadvantaged and handicapped persons; adequacy of evaluation of programs; and other criteria set forth in the state plan for vocational education allocations of supply aid, support services aid, and capital expenditure aid. The commissioner, in cooperation with the department of finance, shall establish program budget standards by which post secondary vocational-technical schools shall submit financial requests for supply aid, support services aid, and capital expenditure aid.

Sec. 5. Minnesota Statutes 1978, Section 124.561, Subdivision 3a, is amended to read:

Subd. 3a. [HEARING.] The consolidated public hearing held by the state board pursuant to subdivision 3 shall take place with at least six board members present and shall continue until all interested persons, representatives, and organizations have had an opportunity to be heard. Notice of intention to hold the hearing shall be given at least 20 days prior to the date set for the hearing by United States mail to each district submitting a post-secondary vocational school budget budgets for supply aid, support services aid, and capital expenditure aid, to other interested persons, representatives, and organizations who register their names with the commissioner of education for that purpose, and in the state register. The department of education shall make available at least one free copy of the proposed disposition allocations of budgets aids to the appropriate committees of the legislature and to any person requesting it. Unless the commissioner determines that the

use of an audio magnetic recording device is more appropriate, a court reporter shall keep a record at every hearing. A transcript of the hearing record shall be made available upon the request of any person, provided that the request is in writing and the cost of preparing the transcript is borne by the requesting person. After allowing written material to be submitted and added to the hearing record for five days after the public hearing ends, the commissioner of education shall proceed as promptly as possible to write a report containing the *final proposed final disposition allocations of budgets aids*. This report shall contain findings and conclusions based on substantial evidence from the hearing record to support the *final proposed final disposition allocations of aids*. The report shall be available to all affected school districts upon request for at least 15 days before the state board takes final action on the *budgets authorizing allocations of aids*. Any district which is adversely affected by the *final proposed final disposition allocations of budgets aids* may demand and shall be given an opportunity to be heard in support of modification of the proposed *disposition allocations of aids* at the meeting at which the state board takes final action on the *budgets authorizing allocations of aids*; provided, the state board may place reasonable restrictions on the length of time allowed for testimony.

Sec. 6. Minnesota Statutes 1978, Section 124.562, Subdivision 2, is amended to read:

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

required by section 124.19, subdivision 1. In all post-secondary vocational-technical schools, the minimum length of the school day for each pupil, exclusive of the noon intermission, shall be six hours. Exceptions may be made by the local school administration for approved programs to meet individual student needs.

Sec. 7. Minnesota Statutes 1978, Section 124.562, Subdivision 3, is amended to read:

Subd. 3. All funds, whether state, federal, or from other sources, which may be made available to the department of education for carrying out the purposes of post-secondary vocational-technical education shall be apportioned by the state board for vocational education to the various school districts in accordance with law and shall be distributed by the state aids, statistics and research section of the state department of education. All post-secondary vocational foundation and categorical aids shall be paid to the school district where the pupil is in attendance.

Sec. 8. Minnesota Statutes 1978, Section 124.562, Subdivision 4, is amended to read:

Subd. 4. Each district providing post-secondary vocational-technical education programs shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these post-secondary vocational-technical education programs. All post-secondary vocational foundation and categorical aids and All funds received pursuant to the levy authorized by section 275.125, subdivision 13, and tuition authorized by section 14 of this article shall be utilized solely for the purposes of post-secondary vocational-technical education programs.

Sec. 9. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5621] [POST SECONDARY VOCATIONAL INSTRUCTIONAL AID.] *Subdivision 1. [DEFINITION.] For the purposes of this section the following words, terms and phrases have the meanings ascribed to them.*

*Subd. 2. "Post secondary vocational instructional aid" means state and federal funds exclusive of capital expenditure aid, supply aid, support services aid and debt service aid apportioned by the state board of vocational education to local school districts for instructional programs. Post secondary vocational instructional aid shall be utilized solely for the purposes of post secondary vocational education, except for equipment and other capital expenditures.*

*Subd. 3. "AVTI" means a post secondary area vocational technical institute.*

*Subd. 4. "Base year" means the second year prior to the current school year for which aid is paid.*

*Subd. 5. "Instructional program" means a post secondary vocational technical program or course as classified with a six-digit number by the federal office of education, excluding special needs programs and related instruction.*

*Subd. 6. "Instructional program cost" means the actual expenditure in the base year for an instructional program at an AVTI. Actual expenditures shall be computed as follows:*

- (1) instructional salaries; plus*
- (2) instructional employee fringe benefits (excluding teachers' retirement and social security); plus*
- (3) travel for instructional, administrative and professional development purposes; plus*
- (4) purchased services for instructional purposes; plus*
- (5) student activities; plus*
- (6) other instructional expenses detailed according to the uniform financial accounting and reporting system; minus*
- (7) other instructional revenues detailed according to the uniform financial accounting and reporting system.*

*Subd. 7. "AVTI average instructional program cost" means the instructional program cost of each instructional program at an AVTI divided by the number of full time equivalent licensed instructors teaching that program during the base year at that AVTI.*

*Subd. 8. "Statewide average instructional program cost" means the total statewide of the AVTI average instructional program costs for an instructional program divided by the number of AVTI's offering that instructional program in the base year.*

*Subd. 9 "Instructional program allowance" means the total for an AVTI of: (1) the statewide average instructional program cost for each instructional program, multiplied by (2) the number of full time equivalent instructors teaching that program in the base year at that AVTI.*

*Subd. 10. (i) "AVTI staff compensation weighting" means the ratio of:*

*(1) The sum of salaries and fringe benefits, excluding teacher retirement and social security, for all full time equivalent licensed instructional staff at a particular AVTI for the three prior years divided by the sum of the number of full time equivalent licensed instructional staff at that AVTI for those three years; divided by*

*(2) The sum of salaries and fringe benefits, excluding teachers' retirement and social security, for all full time licensed instructional staff for all AVTI's statewide for the three prior years divided by the sum of the number of full time equivalent licensed instructional staff for all AVTI's statewide for those three years.*

*Subd. 11. (1) "Student growth or decline factor" for the 1979-1980 and 1980-1981 school years means the following ratio, adjusted according to clause (4):*

*(a) The current year's average daily membership as defined in section 124.562, subdivision 2, for a particular AVTI, divided by:*

*(b) The second prior year's average daily membership for that AVTI.*

*(2) Beginning in 1979-1980, each AVTI shall take a count of all full-time equivalent students in attendance on the fifteenth day of each quarter that full-time post secondary vocational programs are offered by that AVTI. These quarterly counts shall be totaled to produce an annual student count.*

*(3) Beginning in the 1981-1982 school year, "student growth or decline factor" means the following ratio, adjusted according to clause (4).*

*(a) The current year's annual student count for a particular AVTI, divided by:*

*(b) The annual student count for the second prior year for that AVTI.*

*(4) If the ratio in (1) or (3) is greater than .95 but less than 1.05 the ratio shall equal 1.0. If the ratio is .95 or less, the ratio shall be adjusted by adding .05. If the ratio is 1.05 or greater, the ratio shall be adjusted by subtracting .05.*

**Subd. 12. [INSTRUCTIONAL AID FORMULA.]** *A district shall receive post secondary vocational instructional aid according to the following formula:*

*(a) The instructional program allowance for an AVTI in the base year; multiplied by*

*(b) The AVTI staff compensation weighting for that AVTI; multiplied by*

*(c) 117 percent; multiplied by*

*(d) The student growth or decline factor for that AVTI.*

**Subd. 13. [LEVY REDUCTION.]** *For the fiscal year 1980, the amount raised by the discretionary levy allowed by section 275.125, subdivision 13, for collection in fiscal year 1979 shall be subtracted from the instructional aid paid to an AVTI.*

**Subd. 14. [PAYMENT SCHEDULE.]** *Instructional aid shall be paid pursuant to section 124.11, subdivision 2.*

**Sec. 10. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:**

**[124.5622] [POST SECONDARY VOCATIONAL SUPPLY AID.]** *Subdivision 1. [DEFINITIONS.] For the purposes of this section the following words, terms and phrases have the meanings ascribed to them.*

**Subd. 2. "AVTI"** *means a post secondary area vocational technical institute.*

**Subd. 3. "Post secondary vocational supply aid"** *means state and federal funds exclusive of capital expenditure aid, instructional aid, support services aid and debt service aid apportioned*

by the state board for vocational education to local districts for the costs of rents and leases, supplies and materials, and supplies for resale, for all instructional programs, support services and special needs programs. Post secondary vocational supply aid shall be utilized solely for the purposes of post secondary vocational education, except equipment or other capital expenditures.

Subd. 4. [SUPPLY AID ALLOCATION.] [BUDGETS.] Each AVTI shall submit a budget before June 15, 1979 and before January 1 of each year detailing estimated costs for the following fiscal year for each of the following expenditure categories: rents and leases, supplies and materials, and supplies for resale, for all instructional programs and support services including related instruction and special needs programs. Each budget shall also include anticipated revenues from the sales of supplies and services. The department of education shall recommend an allocation of supply aid for each of the expenditure categories and a total allocation of supply aid for each AVTI, after a review of each AVTI budget. The recommendations of the department for the distribution of supply aid shall be reviewed by the state board in a consolidated public hearing pursuant to section 124.561, subdivision 3a. The state board shall authorize an allocation of supply aid for each AVTI and detail recommended levels of spending for each expenditure category.

Subd. 5. [REPORT.] Before October 1, 1979 and before August 1 of each subsequent year, the commissioner shall issue a report on the supply aid allocation to each AVTI. This report shall include recommended aid allocations for each expenditure category and an explanation comparing the amount of the authorized aid allocation to the budget submitted for each AVTI. This report shall be transmitted to the appropriate committees of the legislature and to the directors of the AVTI's.

Subd. 6. [PAYMENT SCHEDULE.] Supply aid shall be paid to districts in equal installments on or before September 15, December 1, March 1, and June 1 for the 1979-80 school year. The state board shall be authorized to make advance payments for supply aid prior to the state board authorization of the supply aid allocations. The September 15 payment shall be adjusted accordingly. Additional supply aid may be distributed on or before March 1 and June 1 if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.

Beginning with the 1980-81 school year supply aid shall be paid to districts in equal installments on or before August 1, December 1, March 1 and June 1 of each year. Additional supply aid may be distributed on or before March 1 and June 1 of each year if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.

Sec. 11. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5623] [POST SECONDARY VOCATIONAL SUPPORT SERVICES AID.] *Subdivision 1. [DEFINITIONS.] For the purposes of this section the following words, terms and phrases have the meanings ascribed to them.*

*Subd. 2. "AVTI" means a post secondary area vocational technical institute.*

*Subd. 3. "Post secondary vocational support service aid" means state and federal funds exclusive of capital expenditure aid, supply aid, instructional aid and debt service aid apportioned by the state board for vocational education to local school districts for the costs of support services, including related instruction and special needs programs, enumerated in subdivision 4. Post secondary vocational support services aid shall be utilized solely for the purposes of post secondary vocational education, except equipment or other capital expenditures.*

*Subd. 4. [SUPPORT SERVICES AID ALLOCATION.] [BUDGETS.] Each AVTI shall submit a budget before June 15, 1979 and before January 1 of each year detailing the estimated costs for the following fiscal year for all support services, including related instruction and special needs programs; support services personnel salary and travel, other purchased services, other support service expenses, and fringe benefits excluding teacher retirement and social security. Each budget shall also include all other anticipated support service revenues. The department of education shall recommend an allocation of support services aid for each of the expenditure categories and a total allocation of support services aid for each AVTI, after a review of each AVTI budget. The recommendations of the department shall be reviewed by the state board in a consolidated public hearing pursuant to section 124.561, subdivision 3a. The state board shall authorize an allocation of support services aid for each AVTI and detail recommended levels of spending for each expenditure category. No aid shall be allocated for any special vocational systemwide support service project or program, excluding regional special needs programs. Current AVTI general fund balances above 15 percent of the prior year's operating expenditures, as defined by the uniform financial accounting and reporting system, shall be taken into account by the state board in making these allocations.*

*Subd. 5. [REPORT.] Before October 1, 1979 and before August 1 of each subsequent year, the commissioner shall issue a report on the support services aid allocation to each AVTI. This report shall include the recommended aid allocation for each support services expenditure category and an explanation comparing the amount of the authorized aid allocation to the budget submitted for each AVTI. The fund balances used by the state board in determining the support services aid allocations shall be included. This report shall be transmitted to the appropriate committees of the legislature and to the directors of the AVTI's.*

*Subd. 6. [PAYMENT SCHEDULE.] Support services aid shall be paid to districts in equal installments on or before September*



15, December 1, March 1, and June 1 for the 1979-1980 school year. The state board shall be authorized to make advance payments for support services prior to the state board authorization of the support services aid allocations. The September 15 payment shall be adjusted accordingly. Additional support services aid may be distributed on or before March 1 and June 1 if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.

Beginning with the 1980-1981 school year support services aid shall be paid to districts in equal installments on or before August 1, December 1, March 1 and June 1 of each year. Additional support services aid may be distributed on or before March 1 and June 1 of each year if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.

Sec. 12. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5624] [POST SECONDARY VOCATIONAL CAPITAL EXPENDITURE AID.] Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following words, terms and phrases have the meanings ascribed to them.

Subd. 2. "AVTI" means a post secondary area vocational technical institute.

Subd. 3. "Post secondary vocational capital expenditure aid" means state and federal funds exclusive of instructional aid, supply aid, support services aid 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. Post-secondary vocational capital expenditure aid shall be utilized solely for the purposes enumerated in this section.

Subd. 4. [CAPITAL EXPENDITURE AID ALLOCATION.] [BUDGETS.] Each AVTI shall submit a budget before June 15, 1979 and before January 1 of each year detailing estimated costs for the following fiscal year for equipment and other capital expenditures for all instructional programs and support services, including special needs programs and related instruction. Each budget shall also include anticipated revenues from the sale of equipment and other capital goods. The department of education shall recommend an allocation of capital expenditure aid for each of the expenditure categories and a total allocation of capital expenditure aid for each AVTI, after a review of each AVTI budget. The recommendations of the department for the distribution of capital expenditure aid shall be reviewed by the state board in a consolidated public hearing pursuant to section 124.561, subdivision 3a. The state board shall authorize an allocation of capital expenditure aid for each AVTI and detail recom-

*mended levels of spending for each expenditure category. Current AVTI capital expenditure fund balances shall be taken into account by the state board in making these allocations.*

*Subd. 5. All capital expenditures in excess of \$4,000 shall receive prior approval by the commissioner apart from the budget hearing and aid allocation process.*

*Subd. 6. [REPORT.] Before October 1, 1979 and before August 1 of each subsequent year, the commissioner shall issue a report on the capital expenditure aid allocation to each AVTI. This report shall include recommended aid allocations for each capital expenditure category and an explanation comparing the amount of the authorized capital expenditure aid allocation to the budget submitted for each AVTI. The fund balances used by the state board in determining the capital expenditure aid allocation shall be included.*

*Before October 1, 1979 and before August 1 of each subsequent year the commissioner shall also report on the equipment inventory of each AVTI, including original cost, amortization schedule and current value.*

*These reports shall be transmitted to the appropriate committees of the legislature and to the directors of the AVTI's.*

*Subd. 7. [PAYMENT SCHEDULE.] Capital expenditure aid shall be paid to districts in equal installments on or before September 15, December 1, March 1, and June 1 for the 1979-1980 school year. The state board shall be authorized to make advance payments for capital expenditure aid prior to the state board authorization of the capital expenditure aid allocations. The September 15 payment shall be adjusted accordingly. Additional capital expenditure aid may be distributed on or before March 1 and June 1 if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.*

*Beginning with the 1980-1981 school year capital expenditure aid shall be paid to districts in equal installments on or before August 1, December 1, March 1 and June 1 of each year. Additional capital expenditure aid may be distributed on or before March 1 and June 1 of each year if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.*

*Sec. 13. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:*

*[124.5625] [POST SECONDARY VOCATIONAL CONTINGENCY FUND.] Subdivision 1. There is established a post secondary vocational contingency fund. This fund shall be used for the implementation costs of new programs and job training for industry when that training is specialized and not available from any other source. The commissioner shall establish rules for the administration of this fund. The rules shall conform, where applicable, to the rules and procedures for the approval of new vocational programs.*

Sec. 14. Minnesota Statutes 1978, Section 124.565, is amended to read:

124.565 [POST-SECONDARY VOCATIONAL EDUCATION TUITION.] Subdivision 1. Any Minnesota resident ~~who is under 21 years of age~~ may attend a post-secondary vocational-technical school, provided that the individual meets the entrance requirements for the training course in which enrollment is sought and the school has the room and the facility to receive him.

Subd. 3. Tuition at a post-secondary vocational-technical school for a Minnesota resident pupil shall be ~~two dollars per day for each school day the pupil is enrolled~~ a quarterly charge of \$120 per full-time student. A full refund shall be provided to a student who withdraws on or before the 15th day of the quarter. No refund shall be provided for withdrawal after the 15th day of the quarter.

Subd. 3a. Notwithstanding subdivision 3 there shall be no charge for tuition for a person who, before July 1, 1978, entered active military service in a branch of the armed forces of the United States and who, under the laws in effect at the time of induction or enlistment into the armed forces, would have been eligible to attend a post-secondary vocational-technical school without payment of tuition.

Subd. 4. Unless covered by a higher education reciprocity agreement relating to nonresident tuition, entered into by the Minnesota higher education coordinating board and approved by the state board for vocational education, tuition at a post-secondary vocational-technical school for a pupil who is not a resident of Minnesota shall be ~~five dollars per day for each school day the pupil is enrolled~~ a quarterly charge of \$300 per full-time student. A full refund shall be provided to a student who withdraws on or before the 15th day of the quarter. No refund shall be provided for withdrawal after the 15th day of the quarter.

Sec. 15. Minnesota Statutes 1978, Section 124.566, is amended to read:

124.566 [USE OF POST-SECONDARY VOCATIONAL SUPPORT SERVICES AID APPROPRIATION.] Notwithstanding the provisions of section 16.16 or 16A.57 or any other law to the contrary, the state board for vocational education may expend amounts appropriated by the legislature for post-secondary vocational categorical support services aid to pay post-secondary vocational foundation instructional aid in any year for the 1979-80 and 1980-81 school years when the appropriation for post-secondary vocational foundation instructional aid is insufficient because of an increase in average daily membership; or in the 1981-82 school year, and each year thereafter, when the appropriation for post-secondary vocational instructional aid is insufficient because of an increase in the annual student count. On the date of any expenditure pursuant to this section, the state board shall report the expenditure to the appropriate committees of the legislature.

Sec. 16. Minnesota Statutes 1978, Section 124.572, Subdivision 1, is amended to read:

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

Sec. 17. Minnesota Statutes 1978, Section 124.572, Subdivision 2, is amended to read:

Subd. 2. In the 1977-1978 school year and thereafter, The state shall pay to any district or cooperative vocational center 75 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's adult vocational education programs. In addition, the state shall pay 50 percent of the costs of necessary travel between instructional sites by adult vocational education teachers. The commissioner may withhold all or any portion of this aid for an adult vocational education program which receives funds from any other source, and in no event shall a district or center receive a total amount of state aid for salaries and travel pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

Sec. 18. Minnesota Statutes 1978, 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. 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. 19. Minnesota Statutes 1978, Section 124.573, Subdivision 1, is amended to read:

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

Sec. 20. Minnesota Statutes 1978, 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 *a pro-rated amount* of the costs of necessary equipment for these programs, *in secondary nonvocational and secondary vocational programs, based on the appropriation for this subdivision, not to exceed 40 percent.* The state shall pay 50 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers and 50 percent of the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the state for educational purposes. The commissioner may withhold all or any portion of this aid for a secondary vocational education program which receives funds from any other source, and in no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries, equipment and travel which exceeds 100 percent of the amount of its expenditures for salaries, equipment and travel in the program.

Sec. 21. Minnesota Statutes 1978, 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 *or secondary nonvocational programs provided for in subdivision 2.* 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. *After July 1, 1980 no aid except aid for equipment shall be paid pursuant to this section for a secondary vocational program in the trade and industrial area which meets for less than 100 minutes on the days when the program is offered.* No rules promulgated by the state board pursuant to any statute shall require a district to offer secondary vocational education. 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 rules of the state board for vocational education.

Sec. 22. Minnesota Statutes 1978, Section 124.573, is amended by adding a subdivision to read:

*Subd. 6. (a) For the purposes of this section, the following terms have the meanings ascribed to them:*

*(1) "Secondary non-vocational program" means a senior secondary industrial arts, business and office, or consumer home-making program or course which does not qualify for funding pursuant to subdivision 2 except for aid for equipment.*

*(2) "Secondary vocational program" means a senior secondary trade and industrial, business and office, or home economics program or course which would otherwise qualify for funding pursuant to subdivision 2.*

*(3) A secondary vocational program replaces a secondary non-vocational program whenever a secondary non-vocational program is discontinued in a district or a district member of a center and a secondary vocational program is initiated in that district or center and the two programs share similar objectives or provide common or analogous instruction in a skill, competency, occupational field or like area.*

*(b) No new or additional vocational program shall receive aid pursuant to subdivision 2 except aid for equipment to the extent that the vocational program replaces a non-vocational program.*

*(c) Prior to June 15 of each year, a school district which receives aid pursuant to subdivision 2 or is a district member of a center which receives aid pursuant to subdivision 2 shall report to the commissioner any secondary non-vocational arts program which it plans to discontinue for the following school year and any new or additional secondary vocational program which it plans to introduce. The commissioner shall prepare and distribute the forms necessary for the reports.*

Sec. 23. Minnesota Statutes 1978, Section 124.574, 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 the greater of:*

*(a) 50 to 70 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children ; or*

*(b) 60 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district 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 per-*

son or a person employed for a limited time; plus an additional five percent of the salaries paid such essential licensed personnel.

Sec. 24. [REPEALER.] *Minnesota Statutes 1978, Sections 124.562, Subdivision 1; 124.563; and 275.125, Subdivision 13 are repealed.*

Sec. 25. [DEFICIENCY APPROPRIATION.] *The sum of \$1,900,000 is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1979 for the payment of a deficiency in funds available for aid for secondary vocational education pursuant to section 124.573.*

Sec. 26. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

*Subd. 2. [POST-SECONDARY VOCATIONAL INSTRUCTIONAL AID.] For post-secondary vocational instructional aid, there is appropriated:*

\$35,106,900      1980

\$49,400,000      1981

*This amount includes \$4,400,000 for aid for fiscal year 1980 payable in fiscal year 1981 and \$45,000,000 for aid for fiscal year 1981 payable in fiscal year 1981.*

*Subd. 3. [POST SECONDARY VOCATIONAL SUPPLY AID.] For post secondary vocational supply aid there is appropriated:*

\$10,498,700      1980,

\$11,186,700      1981.

*Subd. 4. [POST SECONDARY VOCATIONAL SUPPORT SERVICES AID.] For post secondary vocational support service aid there is appropriated:*

\$15,213,300      1980,

\$20,824,500      1981.

*These appropriations are based on the assumption that the state will spend for post secondary vocational support services aid an amount equal to \$6,254,900 in fiscal year 1980 and \$6,886,400 in fiscal year 1981 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.*

*Subd. 5. [POST SECONDARY VOCATIONAL CAPITAL EXPENDITURE AID.] For post secondary vocational capital expenditure aid there is appropriated:*

\$8,500,000      1980,

\$9,500,000      1981.

**Subd. 6. [POST SECONDARY VOCATIONAL DEBT SERVICE AID.]** *For post secondary vocational debt service aid there is appropriated:*

\$7,733,800      1980,

\$7,737,600      1981.

**Subd. 7. [POST SECONDARY VOCATIONAL CONTINGENCY FUND.]** *For the post secondary vocational contingency fund there is appropriated:*

\$500,000 for the biennium  
ending June 30, 1981.

**Subd. 8. [ADULT VOCATIONAL EDUCATION AID.]** *For adult vocational education aid, there is appropriated:*

\$6,427,510      1980

*This amount includes \$586,420 for fiscal year 1979 payable in fiscal year 1980 of which not to exceed \$14,650 is for necessary travel. This amount also includes \$5,841,090 for fiscal year 1980 payable in fiscal year 1980 of which not to exceed \$145,240 is for necessary travel.*

\$6,853,710      1981

*This amount includes \$649,010 for aid for fiscal year 1980 payable in fiscal year 1981 of which not to exceed \$16,140 is for necessary travel. This amount also includes \$6,204,700 for aid for fiscal year 1981 payable in fiscal year 1981 of which not to exceed \$155,410 is for necessary travel.*

*None of the amounts appropriated in this subdivision shall be used for any special vocational systemwide support service program or project.*

**Subd. 9. [ADULT SMALL BUSINESS MANAGEMENT PROGRAMS; ADDITIONAL LOCATIONS.]** *For adult vocational education programs in small business management in locations where these programs are not currently being offered or planned there is appropriated:*

\$198,750      1980,

\$360,000      1981.

**Subd. 10. [VETERAN FARMER COOPERATIVE TRAINING PROGRAMS.]** *For veteran farmer cooperative training programs, there is appropriated:*

\$1,130,000      1980

\$ 651,000      1981

**Subd. 11. [SECONDARY VOCATIONAL EDUCATION AID FOR SALARIES AND TRAVEL.]** *For secondary vocational education aid for salaries and travel, there is appropriated:*

\$19,468,380      1980



*This amount includes \$1,669,890 for fiscal year 1979 payable in fiscal year 1980. This amount also includes \$17,798,490 for fiscal year 1980 payable in fiscal year 1980.*

**\$20,806,290      1981**

*This amount includes \$1,997,610 for fiscal year 1980 payable in fiscal year 1981. This amount also includes \$18,828,680 for fiscal year 1981 payable in fiscal year 1981.*

*None of the amounts appropriated in this subdivision shall be used for any special vocational systemwide support service program or project.*

**Subd. 12. [SECONDARY VOCATIONAL EDUCATION AND NON-VOCATIONAL EDUCATION AID FOR EQUIPMENT.]** *For secondary vocational education and non-vocational education aid for equipment there is appropriated:*

**\$1,693,650      1980**

*This amount includes \$126,000 for fiscal year 1979 payable in fiscal year 1980. This amount also includes \$1,567,650 for fiscal year 1980 payable in fiscal year 1980.*

**\$1,905,080      1981**

*This amount includes \$174,180 for fiscal year 1980 payable in fiscal year 1981. This amount also includes \$1,730,900 for fiscal year 1981 payable in fiscal year 1981.*

**Subd. 13. [AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN.]** *For secondary vocational programs for handicapped children pursuant to section 124.574, subdivision 2 there is appropriated:*

**\$2,009,300      1980**

*This amount includes \$160,000 for fiscal year 1979 payable in fiscal year 1980. This amount also includes \$1,849,300 for fiscal year 1980 payable in fiscal year 1980. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$280,000 in fiscal year 1980 of federal money received for vocational education programs pursuant to the vocational education act of 1963, as amended.*

**\$2,248,200      1981**

*This amount includes \$205,480 for fiscal year 1980 payable in fiscal year 1981. This amount also includes \$2,042,720 for fiscal year 1981 payable in fiscal year 1981. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$300,000 in fiscal year 1981 of federal money received for vocational education programs pursuant to the vocational education act of 1963, as amended.*

**Subd. 14.** *Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available*

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

## ARTICLE VI

### OTHER AIDS, LEVIES AND MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 1978, Section 16.93, is amended to read:

16.93 [SCHOOL DISTRICTS' PLANS AND BUDGETS.]  
*Subdivision 1. A school district may expend funds for computerization of administrative, instructional, or other activities only after filing annually with the state department of education and the Minnesota educational computing consortium a plan and budget covering such activities and only upon approval thereof by the state department and the Minnesota educational computing consortium. Criteria to be used by the department and the Minnesota educational computing consortium in making its their determinations must include, but are not limited to, the state plan as prepared by the commissioner of administration; policies and programs of the intergovernmental information systems advisory council; Minnesota educational computing consortium; standards for both financial accounts and non-financial statistics pursuant to sections 121.92, subdivision 3 and 121.11, subdivision 5, and cost effectiveness considerations of the department and the Minnesota educational computing consortium. All resulting decisions of the department are to be reported promptly to the commissioner of administration and the intergovernmental council. To the extent permitted by available resources, the commissioner of administration may furnish staff and other assistance to the department of education and the Minnesota educational computing consortium in conjunction with its their performance of the duties imposed by this section.*

*Subd. 2. A regional management information center, created pursuant to section 471.59 to provide computerization to two or more school districts, shall file an annual plan and budget on behalf of its member districts. Before a regional management information center may be finally constituted, it shall first apply for and receive approval from the department of education and the Minnesota educational computing consortium. Criteria to be used by the department and the Minnesota educational computing consortium in making their determination shall include, but are not limited to, the state plan prepared by the Minnesota educational computing consortium and cost-effectiveness considerations of the department and the Minnesota educational computing consortium.*

Sec. 2. Minnesota Statutes 1978, Section 120.075, is amended to read:

120.075 [ATTENDANCE; PREVIOUS ENROLLMENT; FAMILIES.] *Subdivision 1. (a) 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.*

*(b) Any nonresident pupil, enrolled on January 1, 1978 in a non-public school, as defined in section 123.932, subdivision 3, located in a district of which he was not a resident who would have otherwise qualified for enrollment in that district as a resident pursuant to clause (a) may attend the public schools of that district as a resident.*

*This provision (c) Clauses (a) and (b) shall also apply to any brother or sister of that enrolled pupil who is related to that pupil by blood, adoption or marriage and to any foster child of that pupil's parents. The enrollment of that pupil or of the other qualified members of his family shall remain subject to the provisions of those sections in clause (a) 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. [121.495] [BASIC SKILLS TECHNICAL ASSISTANCE PROGRAM.] *Subdivision 1. [PURPOSE.] The legislature finds that all school children have a right to achieve their full educational potential and that each student should have the opportunity to receive instruction in the basic skills of listening, speaking, reading, writing and mathematics so that students of all socioeconomic backgrounds may function satisfactorily in a democratic society. It is the purpose of this section to provide technical assistance in basic skills instruction to school districts and nonpublic schools.*

*Subd. 2. [DEFINITION.] For the purpose of this section, the terms defined in this subdivision have the meanings given them:*

*(a) "Basic skills" means the skills of listening, speaking, reading, writing and mathematics.*

*(b) "Technical assistance" means any assistance provided by the department of education through the regional basic skills director to assist a school district or nonpublic school to: (i) assess the basic skills needs of its pupils; (ii) plan instructional programs and select instructional materials to meet those needs; (iii) choose effective methodologies for the programs; and (iv) evaluate the progress of its students in acquiring basic skills.*

*Subd. 3. [REGIONAL TECHNICAL ASSISTANCE.] (a) The department of education, in cooperation with the educational cooperative service units, shall provide technical assistance in basic skills instruction to public school districts and nonpublic schools.*

(b) *The commissioner of education shall establish a basic skills section which shall include at least one regional basic skills director for each educational cooperative service unit. The commissioner may increase the approved complement of the department of education by not more than 13 professional positions including the regional basic skills directors, to staff the basic skills unit.*

(c) *Each regional director shall provide technical assistance to those school districts and nonpublic schools in the region which choose to participate in the basic skills technical assistance program.*

(d) *School districts and nonpublic schools which participate in the basic skills technical assistance program shall establish and maintain a comprehensive basic skills program for their school district or nonpublic school.*

(e) *A school district or nonpublic school which participates in the basic skills technical assistance program may establish a basic skills advisory committee to assist it in establishing and maintaining a basic skills program. A school district may designate the curriculum advisory committee established pursuant to Minnesota Statutes, Section 123.741, Subdivision 3, as the basic skills advisory committee.*

*Subd. 4. [REPORT.] Before January 15, 1981 the commissioner of education shall make a report to the education committees of the legislature describing and evaluating the basic skills technical assistance program.*

Sec. 4. Minnesota Statutes 1978, Section 121.49, is amended to read:

121.49 [ITEMIZATION OF AMOUNT OF AID TO DISTRICTS.] *Subdivision 1. The department of education shall itemize for each school district in the state the total amount of money and the amount of money per pupil unit which accrues to the district for each fiscal year from each type of state and federal aid, refund, payment, credit, disbursement or monetary obligation of any kind, including but not limited to each special state aid, emergency aid, payments in lieu of taxes, and pension and retirement obligations for the benefit of personnel of the district. State agencies which have information necessary for the itemization required by this section shall provide the information to the department of education. The completed itemizations shall be made available reported to the appropriate standing committees of the legislature in convenient reference form not later than December 1 following the year for which they are made.*

*Subd. 2. If the report required for the 1979-1980 school year and each year thereafter is not received by the appropriate standing committees of the legislature by July 1 in the year following the year for which the report is made, the commissioner of education and the department of education shall not be authorized to expend any funds for any purpose, other than the distribution of aids to school districts, until the report is received.*

Sec. 5. Minnesota Statutes 1978, Section 121.904, Subdivision 11b, is amended to read:

Subd. 11b. (1) Each district affected by the provisions of subdivision 11a shall account for and expend according to the provisions of this subdivision the total amount by which its 1976 payable 1977 and its 1977 payable 1978 permissible levies pursuant to section 275.125 were reduced on account of payments pursuant to sections 294.21 or 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. 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, this total amount shall not be applied to reduce the foundation aid which the district is entitled to receive pursuant to section 124.212 or again be applied to reduce the permissible levies of the district.

(2) The lesser of the amount in (1) or an amount equal to \$200 times the pupil units in the district computed pursuant to section 124.17 for the 1977-1978 school year shall be reflected in an "appropriated fund balance reserve account for current use of taconite payments" which shall be established in the general fund. Each school year, beginning in 1978-1979, each affected district shall transfer an amount equal to \$20 times the number of pupil units in the district in 1977-1978 out of this account into other operating accounts in the general fund, until the amount transferred equals the amount originally reflected in the reserve account; provided that in the last year in which the district is required to make this transfer, it shall transfer the balance of the reserve account, not to exceed an amount equal to \$20 times the number of pupil units in the district in 1977-1978. Notwithstanding the provisions of section 121.917, each affected district may use the amount so transferred each year to increase its expenditures above the amount it would otherwise be authorized to expend in that school year.

(3) Of the amount in (1), any amount not reflected in the account established pursuant to clause (2) shall be reflected in the district's appropriated fund balance reserve account for purposes of reducing statutory operating debt, if the district has established this account pursuant to section 275.125, subdivision 9a. The June 30, 1977 statutory operating debt of the district shall be reduced by the amount so reflected and shall be recertified accordingly by the commissioner.

(4) Notwithstanding the provisions of section 121.912, any portion of the amount in (1) remaining after the application of clauses (2) and (3) shall be transferred to the district's capital expenditure fund; *provided that before July 1, 1979 not exceeding \$75,000 of the amount transferred to the capital expenditure fund pursuant to this clause may be transferred to the district's general fund.*

Sec. 6. Minnesota Statutes 1978, Section 121.917, is amended by adding a subdivision to read:

*Subd. 4. (1) If the net negative unappropriated fund balance in all the funds of a school district, other than statutory operating debt pursuant to section 121.914, capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated in accordance with the uniform financial accounting and reporting system for Minnesota school districts, as of June 30, 1980, and each year thereafter, is more than two and one-half percent and not greater than ten percent of the year's expenditure amount, the district shall, prior to September 15, submit a special operating plan to reduce the district's deficit expenditures to the commissioner of education for his approval.*

*Notwithstanding any other law to the contrary, a district submitting a special operating plan to the commissioner under this clause which is disapproved by the commissioner shall not receive any aid pursuant to chapter 124 until a special operating plan of the district is so approved.*

*(2) If the net negative unappropriated fund balance in all the funds of a school district, other than capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated in accordance with the uniform financial accounting and reporting system for Minnesota school districts, as of June 30, 1980, and each year thereafter, is greater than ten percent of the year's expenditure, the district shall, prior to September 15, submit a special operating plan to reduce the district's deficit expenditures to the commissioner and to the committees on education of the senate and the house of representatives. The commissioner shall provide the committees on education of the senate and the house of representatives with a written detailed evaluation of the special operating plan submitted pursuant to this clause. The special operating plan shall be approved or disapproved by a joint meeting of the committees on education of the senate and the house of representatives. Notwithstanding any law to the contrary, a district required to submit a plan under this clause which is disapproved by a majority vote at the joint committee meeting shall not receive any aid pursuant to chapter 124 until a special operating plan of the district is so approved.*

*(3) A district shall receive aids pending the approval of its special operating plan under clauses (1) or (2). A district which complies with its approved operating plan shall receive aids as long as the district continues to comply with the approved operating plan.*

*Sec. 7. Minnesota Statutes 1978, Section 121.92, is amended to read:*

**121.92 [MANDATORY UTILIZATION OF COMPUTER SYSTEMS; APPEAL.]** *Subdivision 1. School districts shall report student, personnel and other data defined by the department of education through a regional service center. They shall utilize software designated by the department for reporting this data.*

*Subd. 2.* On or before July 1, 1980, all Minnesota school districts shall convert financial accounting and reporting operations to a computer based financial management accounting and reporting system utilizing regional or other computing facilities approved pursuant to section 16.93, subdivision 2 and utilizing multi-dimensional accounts and records defined in accordance with the uniform financial accounting and reporting system for Minnesota school districts.

*Subd. 2 3.* After July 1, 1980, participation in a computer based financial management accounting and reporting system shall be mandatory. The form of this participation shall be appealable to the commissioner.

**Sec. 8.** Minnesota Statutes 1978, Section 123.702, Subdivision 1, is amended to read:

**123.702 [SCHOOL BOARD RESPONSIBILITIES.]** Subdivision 1. Every school board shall provide for a voluntary health and developmental screening program for children once before entering kindergarten; ~~provided, this section shall not be construed to require school boards to screen children who enter kindergarten during fiscal year 1978.~~ This screening program shall be established either by one board, by two or more boards acting in cooperation, by educational cooperative service units, by early childhood and family education programs, or by other existing programs. No school board may make this screening examination a mandatory prerequisite to enroll a student. ~~In fiscal years 1978 and 1979, The screening programs shall include at least the following components to the extent the school board determines they are financially feasible: developmental assessments, hearing and vision screening, dental assessments, and the review of health history and immunization status. In fiscal year 1979, the screening programs shall include at least the following additional components to the extent the school board determines they are financially feasible, laboratory tests and nutritional and physical assessments.~~ All screening components shall be consistent with the standards of the state commissioner of health for early and periodic screening programs. No child shall be required to submit to any component of this screening program to be eligible for any other component. ~~No early childhood screening program shall provide laboratory tests, a health history or a physical exam to any child who has been provided with those laboratory tests or a health history or physical examination within the previous 12 months. The school district shall request the results of any laboratory test, health history or physical examination within the 12 months preceding a scheduled early childhood health screening clinic.~~

**Sec. 9.** Minnesota Statutes 1978, Section 123.702, is amended by adding a subdivision to read:

*Subd. 7.* In selecting personnel to implement the early childhood screening program, the school district shall give priority first to qualified volunteers and second to persons possessing the min-

*imum qualifications required by the rules adopted by the state board of education and the commissioner of health.*

Sec. 10. Minnesota Statutes 1978, Section 123.703, Subdivision 1, is amended to read:

123.703 [STATE BOARD OF EDUCATION AND STATE COMMISSIONER OF HEALTH; RESPONSIBILITIES.] Subdivision 1. School boards shall administer the screening programs pursuant to rules adopted by the state board of education. *In order to implement the programs for the 1977-1978 school year, the state board shall, no later than August 15, 1977, adopt emergency rules in accordance with section 15.0412, subdivision 5. Prior to the adoption of the rules and emergency rules, the state board shall solicit information or opinions pursuant to section 15.0412, subdivision 6. The notice of proposed rule making shall be published in the state register no later than August 1, 1977, and copies of the proposed rules and emergency rules shall be sent to the state commissioner of health and each school board in the state on or before the date of publication. The state board of education shall consider the standards employed by the state commissioner of health for early and periodic screening programs in drafting the proposed rules. The rules adopted by the state board of education and the commissioner of health to govern the early childhood screening program shall unconditionally permit registered nurses to perform those components of the screening program that can be performed by a nurse.*

Sec. 11. Minnesota Statutes 1978, Section 123.703, Subdivision 3, is amended to read:

Subd. 3. The state board of education, in cooperation with the state commissioner of health, shall report to the legislature by February 1, ~~1979~~ 1980, on the results of the screening programs in accomplishing the purposes specified in section 123.701. *The report shall include information on the rates of children's participation in screening programs, on districts' costs for implementing the various components of the screening program, and on any exemptions granted from screening requirements because of financial infeasibility.*

Sec. 12. Minnesota Statutes 1978, Section 123.705, is amended to read:

123.705 [STATE AID.] The department of education shall pay each school district for the cost of screening services provided pursuant to sections 123.701 to 123.705. The payment shall not exceed \$13 \$25 per child screened in fiscal year ~~1978~~ 1980 and \$23 \$27 per child screened in fiscal year ~~1979~~ 1981. Any district may request and receive an advance payment equal to 50 percent of its estimated payment for screening eligible children.

Sec. 13. Minnesota Statutes 1978, Chapter 123, is amended by adding a section to read:



[123.9351] [MOBILE UNITS.] Subdivision 1. [DEFINITION.] For the purposes of this section, "mobile unit" includes a trailer and is a neutral site as defined in section 123.932, subdivision 9.

Subd. 2. Notwithstanding Minnesota Statutes, Section 124.212, Subdivision 9b, or any other section, for the 1979-1980 and 1980-1981 school years the commissioner of education shall make grants to 20 school districts for the experimental use of mobile units to provide any of the following programs and services to public and nonpublic school pupils: health services and guidance and counseling services as defined in section 123.932, subdivisions 10 and 11 and in accordance with the provisions of section 123.935; and special instruction and services for handicapped children, as defined in section 120.03, including diagnostic and health services, as required pursuant to section 120.17. Any pupil support service which a district offers through the mobile unit pursuant to this subdivision to public school pupils it shall also offer through the mobile unit to nonpublic school pupils who have requested these services pursuant to section 123.935.

Subd. 3. A district may use the grant funds to purchase or rent a mobile unit, to staff, remodel, equip and operate it and to pay for any costs incurred in providing the authorized programs and services.

Subd. 4. The commissioner shall prescribe the form, manner and time of application for the grants and shall select the participating school districts.

Subd. 5. The programs and services authorized by subdivision 1 shall be provided by public employees at neutral sites not physically or educationally identified with the functions of a nonpublic school. The programs and services provided to nonpublic school pupils shall be limited to those for which the district provides equivalents, through the mobile unit program or otherwise, to public school pupils. The amount a district spends through the mobile unit program and otherwise for a program or service to nonpublic school pupils shall be no greater on a per pupil basis than the amount it spends through the mobile unit program and otherwise for the equivalent program or service for public school pupils.

Subd. 6. A district receiving a grant shall report to the commissioner of education by August 1, 1981 on the effectiveness of the mobile unit program in the district. The commissioner shall report to the education committees of the legislature on the effectiveness of the program by December 1, 1981.

Sec. 14. Minnesota Statutes 1978, Section 123.937, is amended to read:

123.937 [APPROPRIATION.] There is appropriated annually to the department of education from the general fund of the state treasury the sum of ~~\$2,479,200~~ \$3,250,000 for the purposes of sections 123.931 to 123.937.

Sec. 15. Minnesota Statutes 1978, Chapter 124, is amended by adding sections to read:

[124.181] [REORGANIZATION GUARANTEE FORMULA.]  
*Subdivision 1. For the purposes of this section, the words defined in this subdivision have the meanings given them.*

(a) "Reorganized district" means a district organized pursuant to section 122.23 in the 1979-1980 school year or thereafter.

(b) "Reorganization guarantee year" means the school year listed in subdivision 2 which a reorganized district or each of the districts which have agreed to form the reorganized district shall use as a base year for the calculation of its reorganization guarantee pupil units.

(c) "Reorganization guarantee pupil units" means the total number of pupil units in the reorganization guarantee year computed exclusively according to section 124.17, subdivision 1, clause (1) or (2), either (i) in all of the previous districts which formed the reorganized district, when the reorganization guarantee formula is used by the reorganized district, or (ii) in the particular district which has agreed to form the reorganized district, when the reorganization guarantee formula is used by that district.

(d) "Reorganization guarantee formula" shall mean the difference between the number of reorganization guarantee pupil units and the number of pupil units in a district for the current school year computed exclusively according to section 124.17, subdivision 1, clause (1) or (2). The number of pupil units calculated according to the reorganization guarantee formula shall be in addition to the number of pupil units computed for a district pursuant to section 124.17.

*Subd. 2. After a county auditor has issued an order, pursuant to section 122.23, subdivision 13, for a reorganization, the reorganization guarantee formula shall apply in accordance with the terms of this section. The reorganization guarantee formula shall be used by the reorganized district or by the districts which shall form the reorganized district for a combined total of five school years. The reorganization guarantee formula shall be used beginning with the school year after the school year in which the order setting a date for a reorganization is issued provided that the effective date for reorganization in the order is not more than five years after the date of issuance of the order. For a school year prior to the school year the reorganized district begins operation, each district which will form part of the reorganized district shall calculate its pupil units according to the reorganization guarantee formula in subdivision 1. For a school year during or after which the reorganized district begins operation, the reorganized district shall calculate its pupil units according to the reorganization guarantee formula. The reorganization guarantee year shall be:*

(a) The 1974-1975 school year if the reorganization order was issued in the 1979-1980 school year;

*(b) The 1975-1976 school year if the reorganization order was issued in the 1980-1981 school year;*

*(c) The 1976-1977 school year if the reorganization order was issued in the 1981-1982 school year;*

*(d) The 1977-1978 school year if the reorganization order was issued in the 1982-1983 school year; and*

*(e) The 1978-1979 school year if the reorganization order was issued in the 1983-1984 school year.*

*Subd. 3. Once a district receives aid pursuant to this section, the decision of the districts to consolidate is irrevocable.*

Sec. 16. Minnesota Statutes 1978, Section 124.14, is amended to read:

**124.14 [DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION.]** Subdivision 1. The state board shall supervise distribution of the school aids in accordance with law. It may make rules and regulations consistent with law for such distribution which will enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for such reports and accounts to it as will assure accurate and lawful apportionment of aids.

*Subd. 2. If the commissioner determines that the amount of state aid distributed to a school district is in error, he is authorized to adjust the amount of aid consistent with this subdivision. If the commissioner determines that the amount of aid is in excess of the school district's entitlement, he is authorized to recover the amount of the excess by any appropriate means, including the reduction of future aid payments to the school district. Notwithstanding any law to the contrary, if the aid reduced is not of the same type as that overpaid, the school district shall adjust all necessary financial accounts to properly reflect all revenue earned in accordance with the uniform financial accounting and reporting standards pursuant to sections 121.90 to 121.92. If the commissioner determines that the amount of an aid paid is less than the school district's entitlement, he is authorized to increase such aid from the current appropriation.*

*Subd. 3. The commissioner shall require that the membership and pupil unit count of a minimum of 25 school districts be audited each fiscal year. The audits shall be conducted at random throughout the state with no prior notice to any district. At the time of each audit, the auditors shall also examine the appropriate factors that related to the determination of the authorized transportation costs and aids for that district. In districts where a post-secondary vocational-technical school is located, the audit shall include an audit of the membership of that school. Disparities between membership and pupil unit counts or transportation data reported by the school districts and those found by the auditors shall be reported to the commissioner who shall order an increase or reduction of foundation or transportation aids accordingly.*

*Subd. 4. A reduction of foundation or transportation aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the state board, and the accounts and records of any district are open to inspection by the state auditor, or the state board.*

*Subd. 2. 5. There is annually appropriated from the general fund to the department of education the amounts necessary for foundation aid and transportation aid. These amounts shall be reduced by the amount of any funds specifically appropriated for the same purpose in any year from any state fund.*

*Sec. 17. Minnesota Statutes 1978, Section 124.646, Subdivision 1, is amended to read:*

*124.646 [SCHOOL LUNCH AID.] Subdivision 1. (a) For the 1979-1980 school year, school districts shall be paid by the state in the amount of four and nine-tenths cents for each full paid student type "A" lunch served to students in the district. (b) For the 1980-1981 school year, school districts shall be paid by the state in the amount of five and three-tenths cents for each full paid student type "A" lunch served to students in the district.*

*Sec. 18. Minnesota Statutes 1978, Section 125.61, Subdivision 4, is amended to read:*

*Subd. 4. The early retirement incentive shall be paid by the employing school district in four equal successive monthly installments commencing on November 1 of the year of retirement at the time and in the manner mutually agreed upon by a teacher and the board. The state shall reimburse the district for 25 percent of any amount or amounts paid out as an early retirement incentive pursuant to this section, according to the provisions of subdivision 6. An early retirement incentive shall not be paid to any teacher who is discharged by a school district.*

*Sec. 19. Subdivision 1. Notwithstanding Minnesota Statutes, Section 475.61, Subdivision 4, the board of Independent School District No. 706, Virginia, may transfer the surplus amount remaining in the district's debt service fund after all outstanding obligations and interest thereon are paid, but not to exceed \$290,000, from the debt service fund to the district's capital expenditure fund, for the purpose of paying for improvements to the district's sites and buildings for fuel and energy conservation.*

*Subd. 2. Notwithstanding Minnesota Statutes, Section 475.61, Subdivision 4, the amount of the surplus remaining in the district's debt service fund after all outstanding obligations and interest thereon are paid which is transferred to the district's capital expenditure fund pursuant to section 1 shall not be used to reduce the maintenance levy authorized pursuant to Minnesota Statutes, Section 275.125, Subdivision 2a.*

*Subd. 3. The authority to transfer funds which is given by section 1 shall expire when Independent School District No. 706 has*

transferred \$290,000 from its debt service fund to its capital expenditure fund for the purpose provided in section 1.

*Subd. 4. This section shall be effective upon its approval by the board of Independent School District No. 706 and upon compliance with Minnesota Statutes, Section 645.021.*

**Sec. 20. Subdivision 1.** *In accordance with Minnesota Statutes, Sections 121.912, Subdivision 1, and 121.21, Subdivision 4a, Independent School District No. 152, Moorhead, may transfer from the general fund of the post secondary vocational technical school to its capital expenditure fund an amount not to exceed \$180,000. The amount so transferred is appropriated for the purpose of the construction of an agricultural shop addition to the Moorhead area vocational-technical school. Independent School District No. 152 shall not spend more than \$180,000 for the construction of the addition.*

*Subd. 2. The authorization for the transfer of funds made in subdivision 1 shall last until Independent School District No. 152 has transferred \$180,000 from the general fund of the post secondary vocational technical school to its capital expenditure fund for the construction of the agricultural shop addition to the Moorhead area vocational-technical school or until the completion of the addition, whichever comes first.*

**Sec. 21. Subdivision 1.** *In accordance with Minnesota Statutes, Sections 121.912, Subdivision 1, and 121.21, Subdivision 4a, Independent School District No. 22, Detroit Lakes, may transfer from its post-secondary vocational general fund to its post-secondary vocational capital expenditure fund an amount not to exceed \$500,000. The amount so transferred is appropriated for the purpose of the construction of a truck diesel mechanic shop and cold storage for the area vocational-technical school.*

*Subd. 2. The authorization for the transfer of funds made in section 1 shall last until Independent School District No. 22 has transferred \$500,000 from its post-secondary vocational general fund to its post-secondary vocational capital expenditure fund for the purposes specified in section 1 or until the completion of the construction for which the transfer is authorized, whichever comes first.*

**Sec. 22. [GRANTS FOR COOPERATIVE AGREEMENTS BETWEEN SECONDARY SCHOOLS.]** *For the 1979-1980 and 1980-1981 school year, the department of education may make grants to school districts for the study, evaluation and start-up costs involved in developing an agreement pursuant to any law which permits the discontinuance in a district of grades or a portion of grades and which affects any of grades 7 through 12.*

**Sec. 23. [PROGRAM FOR THE GIFTED AND TALENTED.]**  
**Subdivision 1. [CITATION.]** *This section may be cited as the "Education for the Gifted and Talented Act".*

**Subd. 2. [AUTHORIZATION.]** *There is hereby established a program of state aid for gifted and talented students.*

*Subd. 3. [AID.] A district which establishes a program for gifted and talented students shall receive for the purpose of this section an amount equal to \$30 times the number of gifted and talented students in the district. No more than two and one-half percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the funds received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.*

*Subd. 4. [REPORT.] The department shall submit a report to the 1981 legislature evaluating the effectiveness of the education for the gifted and talented act.*

Sec. 24. Minnesota Statutes 1978, Section 275.125, Subdivision 11a, is amended to read:

Subd. 11a. (a) A school district may levy an amount not to exceed the amount equal to \$75 per pupil unit or, in districts where the pupil unit count is increased pursuant to section 124.17, subdivision 1, clause (7), \$80 per pupil unit. For purposes of computing allowable levies under section 275.125, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), (5), (6) and (7). No levy under this subdivision shall exceed 10 mills times the adjusted assessed valuation of the taxable property in the district for the preceding year, notwithstanding the provisions of sections 272.64 and 275.49.

(b) The proceeds of the tax may be used only to acquire land, to equip and reequip buildings and permanent attached fixtures, and to pay leasing fees for computer systems hardware ; ~~computer terminals and related proprietary software and to pay leasing fees for photocopy machines and telecommunications equipment ; and related proprietary software services~~ . The proceeds of the tax may also be used for capital improvement and repair of school sites, buildings and permanent attached fixtures, energy assessments as required pursuant to section 116H.126, and for the payment of any special assessments levied against the property of the district authorized pursuant to section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay assessments for service charges, including but not limited to those described in section 429.101, whether levied pursuant to that section or pursuant to any other law or home rule provision. The proceeds of the tax may also be used for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped individuals.

(c) Subject to the commissioner's approval, the tax proceeds may also be used to rent or lease buildings for school purposes and to acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the renting or leasing of buildings for school purposes and the ac-

quisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal with respect to the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

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

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

Sec. 25. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

*Subd. 4a. The amount a district may levy under subdivision 4 to pay the district's obligations pursuant to section 268.06, subdivision 25, shall not exceed one-half the amount paid or owing for a teacher placed on an unrequested leave of absence under section 125.12, subdivision 6a or 6b, terminated pursuant to section 125.17, subdivision 11, or during the probationary period, at the close of a school year if the district rehires the teacher for the next school year.*

Sec. 26. Minnesota Statutes 1978, Section 465.72, is amended to read:

465.72 [SEVERANCE PAY.] Except as may otherwise be provided in Laws 1959, Chapter 690, as amended, all counties, cities, townships and school districts are hereby authorized and empowered to pay severance pay to all of its employees and to establish, prescribe and promulgate provisions, rules and regulations for the payment of such severance pay upon leaving employment prior to the normal retirement date. Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits, and shall be paid *in a manner mutually agreeable to the employee and employer* over a period not to exceed five years from termination of employment. In the event that a terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. In no event shall severance pay provided for an employee *except a teacher as defined in section 179.63, subdivision 13*, leaving employment exceed an amount equivalent to 100 days pay. *Severance pay for a teacher as defined in section 174.63, subdivision 13, shall not exceed an amount equivalent to one year of pay.*

Sec. 27. Minnesota Statutes 1978, Section 471.38, is amended by adding a subdivision to read:

*Subd. 3. [ELECTRONIC FUNDS TRANSFER.] Electronic funds transfer is the process of value exchange via mechanical means without the use of checks, drafts or similar negotiable instruments. A school district may make an electronic funds trans-*

fer for a claim for a payment from an imprest payroll bank account or investment of excess money and for payment of bond principal, bond interest and a fiscal agent service charge from the debt redemption fund. This authorization extends only to a school district which has enacted all of the following policy controls:

(a) The school board shall annually delegate the authority to make electronic funds transfers to a designated business administrator;

(b) The dispersing bank shall keep on file a certified copy of the delegation of authority;

(c) The initiator of the electronic transfer shall be identified;

(d) The initiator shall document the request and obtain an approval from the designated business administrator before initiating the transfer;

(e) A written confirmation of the transaction shall be made no later than one business day after the transaction and shall be used in lieu of a check, order check or warrant required to support the transaction;

(f) A list of all transactions made by electronic funds transfer shall be submitted to the school board at its next regular meeting after the transaction.

Sec. 28. [APPROPRIATION.] There is appropriated from the general fund to the department of education the sum of \$75,000 for the year ending June 30, 1980, and the sum of \$25,000 for the year ending June 30, 1981. The department shall pay this sum to Independent School District No. 625 for its career study centers programs upon receipt of a resolution by the school board of that district that (1) it will establish and maintain an account separate from all other district accounts for the receipt and disbursement of all funds related to these career study center programs, (2) that the full foundation aid formula allowance per pupil unit attributable to each student enrolled in a career studies program, including that portion earned pursuant to Minnesota Statutes, Section 124.17, Subdivision 1, Clauses (4) and (5), will be deposited by the district in that account, and (3) that the moneys deposited in that account shall be used solely for the purposes of the career study centers programs. For the purposes of this section, the foundation aid formula allowance per pupil unit for Independent School District No. 625 shall be \$1,182 for the 1979-1980 school year and \$1,265 for the 1980-1981 school year.

Sec. 29. For certain Indian education programs there is appropriated to Independent School District No. 309—Pine Point school, the sum of \$125,000 to be available July 1, 1979 and an additional \$125,000 to be available July 1, 1980, but only if there will not be available for the district for the respective 1979-1980 or 1980-81 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 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. 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.*

**Sec. 30. [INDEPENDENT SCHOOL DISTRICTS NOS. 836 AND 840; TRANSFER OF PROPERTY.]** *Subdivision 1. All the land located within the Southwest one-quarter (SW-¼) of Section nineteen (19), Township one hundred-five (105), Range thirty-two (32), is detached from Independent School District No. 836 (Butterfield-Odin) and is annexed to Independent School District No. 840 (St. James). The property transferred by this subdivision shall not be taxable on or after the effective date of the transfer for the payment of any bonded indebtedness, debt service, or capital loan incurred prior to the transfer by Independent School District No. 836, but shall be taxable for the payment of all bonded indebtedness, debt service, and capital loans incurred by Independent School District No. 840 prior to or after the transfer.*

*Subd. 2. All the land located within the Southwest one-quarter (SW-¼) of Section eighteen (18), Township one hundred-five (105), Range thirty-two (32), is detached from Independent School District No. 840 (St. James) and annexed to Independent School District No. 836 (Butterfield-Odin). The property transferred by this subdivision shall not be taxable on or after the effective date of the transfer for the payment of any bonded indebtedness, debt service or capital loan incurred prior to the transfer by Independent School District No. 840, but shall be taxable for payment of all bonded indebtedness, debt service, and capital loans incurred by Independent School District No. 836 prior to or after the transfer.*

*Subd. 3. [EFFECTIVE DATE.] This section shall be effective upon its approval by resolutions adopted by a majority of all members of the school board of Independent School District No. 836 and by a majority of all members of the school board of Independent School District No. 840, and upon compliance with Minnesota Statutes, Section 645.021.*

**Sec. 31. [INDEPENDENT SCHOOL DISTRICT NO. 279; BOND ISSUE.]** *Subdivision 1. Independent School District No. 279, Hennepin County, Minnesota, whose principal office is in the city of Osseo, in issuing the bonds authorized by the voters of the district on April 3, 1979, may establish a serial maturity schedule for the bonds which, individually or in combination with the maturities of any other designated issue or issues, will conform to the provisions of Minnesota Statutes, Section 475.54, Subdivision 1, without retiring outstanding state loans to the district, and without conforming to the provisions of subdivision 2 of said section relating to school districts having outstanding state loans.*

*Subd. 2. [EFFECTIVE DATE.] This section shall be effective upon its approval by the school board of Independent School Dis-*

trict No. 279 and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 32 [REPEALER.] Minnesota Statutes 1978, Section 123.938, Subdivision 7, is repealed.

Sec. 33. [APPROPRIATIONS.] Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] For educational cooperative service units, there is appropriated:

\$535,000      1980.

Funds from this appropriation shall be transmitted to an ECSU board of directors in the amount of \$48,636 per ECSU as defined in section 123.58, except that the ECSU whose boundaries coincide with the boundaries of region 11 shall receive \$97,272 for 1980.

\$572,450      1981.

Funds from this appropriation shall be transmitted to an ECSU board of directors in the amount of \$52,040 per ECSU as defined in section 123.58, except that the ECSU whose boundaries coincide with the boundaries of region 11 shall receive \$104,080 for 1981.

Subd. 3. [EDUCATIONAL COOPERATIVE SERVICE UNITS PLANNING AND TECHNICAL ASSISTANCE.] For planning and technical assistance to school districts provided by the educational cooperative service units, there is appropriated:

\$440,000      1980

\$440,000      1981

Funds from this appropriation shall be used for the purpose of providing the educational cooperative service units with funds so that they may (a) supply planning and evaluation technical assistance to school districts, and (b) operate a data base to aid decision making at the school district and regional levels. The department of education shall allocate \$40,000 to each educational cooperative service unit for each fiscal year of the biennium, except that it shall allocate \$80,000 for each fiscal year of the biennium to the educational cooperative service units whose boundaries coincide with the boundaries of development regions 6 and 7 or with development region 11.

Subd. 4. [CAPITAL EXPENDITURE EQUALIZATION AID.] For capital expenditure equalization aid, there is appropriated:

\$194,900      1980,

\$144,500      1981.

**Subd. 5. [SCHOOL LUNCH AID.]** *For school lunch aid there is appropriated:*

**\$3,993,800      1980.**

*Of this amount \$578,800 is for food storage costs for USDA donated commodities and so much as is necessary shall be used for the type "A" lunch program.*

**\$4,333,309      1981.**

*Of this amount \$665,500 is for food storage costs for USDA donated commodities and so much as is necessary shall be used for the type "A" lunch program.*

**Subd. 6. [EARLY CHILDHOOD HEALTH SCREENING.]** *For early childhood health screening pursuant to section 123.705 there is appropriated:*

**\$1,375,000      1980,**

**\$1,485,000      1981.**

**Subd. 7. [EMERGENCY AID.]** *For emergency aid pursuant to section 124.24 there is appropriated:*

**\$200,000      1980.**

*Any unexpended balance remaining in the appropriation in this subdivision for fiscal year 1980 shall not cancel but shall be available for the second year of the biennium.*

**Subd. 8. [TEACHER MOBILITY.]** *To meet the state's obligation prescribed in Minnesota Statutes, Sections 125.61, 354.094, 354.66, 354A.091 and 354A.22, there is appropriated:*

**\$1,200,000      1980.**

*Any unexpended balance remaining from the appropriation in this subdivision for fiscal year 1980 shall not cancel but shall be available for the second year of the biennium.*

**Subd. 9. [BASIC SKILLS TECHNICAL ASSISTANCE PROGRAM.]** *For the basic skills technical assistance program pursuant to section 3 of this article there is appropriated:*

**\$650,000      1980.**

*Of this amount the department of education shall spend not to exceed \$450,000 to staff the positions authorized by section 3, subdivision 3, clause (a) of this article.*

**\$700,000      1981.**

*Of this amount the department of education shall spend not to exceed \$480,000 to staff the positions authorized by section 3, subdivision 3, clause (a) of this article.*

*Subd. 10. [REORGANIZATION GUARANTEE AID.] For aid for the reorganization guarantee formula pursuant to section 15 of this article there is appropriated:*

*\$500,000      1980,*

*\$500,000      1981.*

*Subd. 11. [GRANTS FOR COOPERATIVE AGREEMENTS BETWEEN SECONDARY SCHOOLS.] For grants for cooperative agreements between secondary schools pursuant to section 22 of this article there is appropriated:*

*\$50,500      1980,*

*\$87,000      1981.*

*Subd. 12. [PROGRAM FOR THE GIFTED AND TALENTED.] For the program for the gifted and talented pursuant to section 23 of this article there is appropriated:*

*\$600,000      1980,*

*\$600,000      1981.*

*Subd. 13. [NONSECTARIAN NONPUBLIC SCHOOL CHILDREN.] For aid pursuant to section 123.938 there is appropriated:*

*\$39,000      1980,*

*\$44,000      1981.*

*Subd. 14. Any unexpended fund balance remaining from the appropriations in subdivisions 2, 3, 4, 5, 6, 9, 10, 11, 12 and 13 for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.*

*Sec. 34. [EFFECTIVE DATE.] Sections 3, 5, 18 and 32 of this article are effective the day following final enactment.*

## ARTICLE VII

### LIBRARIES

*Section 1. Minnesota Statutes 1978, Section 134.30, is amended by adding a subdivision to read:*

*Subd. 6. "Multi-county, multi-type library system" means a cooperative network composed of any combination of public libraries, regional public library systems, public school libraries, public or private college or university libraries and any other libraries which share services and resources within a multi-county area.*

Sec. 2. Minnesota Statutes 1978, Section 134.32, Subdivision 5, is amended to read:

Subd. 5. It may provide grants for interlibrary exchange of books, periodicals, resource material, reference information and the expenses incident to the sharing of library resources and materials *including planning and establishment grants to multi-county, multi-type library systems*.

Sec. 3. Minnesota Statutes 1978, Section 134.33, Subdivision 1, is amended to read:

134.33 [ESTABLISHMENT GRANTS.] Subdivision 1. An establishment grant as described in section 134.32, subdivision 2, shall be made to any regional public library system for the first two state fiscal years after a board of county commissioners has contracted to join that system and has agreed that the county will provide the levels of support for public library service specified in this section. In the first year of participation, the county shall provide an amount of support equivalent to *.2 .3* mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee for the second year preceding that calendar year *or two-thirds of the per capita amount established under provisions of Minnesota Statutes 134.34, Subdivision 1, whichever amount is less;* in the second year of participation, an amount equivalent to *.3* mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee for the second year preceding that calendar year; and, in the *third second* year of participation and in each year thereafter, an amount equivalent to .4 mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee for the second year preceding that calendar year *or the per capita amount established under provisions of Minnesota Statutes 134.34, Subdivision 1, whichever is less.* The minimum level of support shall be certified annually to the county by the department of education. In no event shall the department of education require any county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for an establishment grant. This section shall not be construed to prohibit any county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 4. Minnesota Statutes 1978, Section 134.34, Subdivision 1, is amended to read:

134.34 [REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS; REQUIREMENTS.] Subdivision 1. A regional library basic system support grant shall be made to any regional public library system where there are at least three participating counties and where each participating city and county, except in the first and second years *year* of participation as provided in section 134.33, is providing for public library service support in an amount equivalent to .4 mill times the adjusted assessed valuation of the taxable property of that city or county, as deter-

mined by the equalization aid review committee for the second year preceding that calendar year or a per capita amount calculated under provisions of this subdivision, whichever is less. The per capita amount is established for calendar year 1980 as \$3.00. In succeeding calendar years, the per capita amount shall be increased by one half of the percentage increase in total state adjusted assessed valuation of property as determined by the equalization aid review committee for the third year preceding that calendar year to the second year preceding that calendar year. The minimum level of support shall be certified annually to the participating cities and counties by the department of education. A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the department of education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 5. Minnesota Statutes 1978, Section 134.34, Subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of section 134.33 and subdivision 1 of this section, after the third second year of participation by a city or county, the dollar amount of the minimum level of support for that city or county shall not be required to increase by more than ten percent over the dollar amount of the minimum level of support required of it in the previous year. If a participating city or county which has been providing for public library service support in an amount equivalent to .67 mill times the assessed valuation of the taxable property of that city or county for the year preceding that calendar year would be required to increase the dollar amount of such support by more than ten percent to reach the equivalent of .4 mill times the adjusted assessed valuation of the taxable property of that participating city or county as determined by the equalization aid review committee for the second year preceding that calendar year or the per capita amount calculated under provisions of Minnesota Statutes 134.34, Subdivision 1, it shall only be required to increase the dollar amount of such support by ten percent per year until such time as it reaches an amount equivalent to .4 mill times the adjusted assessed valuation of that taxable property as determined by the equalization aid review committee for the second year preceding that calendar year or the per capita amount calculated under provisions of Minnesota Statutes 134.34, Subdivision 1.

Sec. 6. Minnesota Statutes 1978, Section 134.35, Subdivision 1, is amended to read:

134.35 [REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS; DISTRIBUTION FORMULA.] Subdivision 1. Any re-

gional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. The amount of each grant for fiscal year 1979-1980 and each fiscal year thereafter shall be calculated as provided in this section.

Sec. 7. Minnesota Statutes 1978, Section 134.35, Subdivision 2, is amended to read:

Subd. 2. ~~Sixty~~ Fifty-five percent of the available grant funds shall be distributed to provide all qualifying systems an equal amount per capita. Each system's allocation pursuant to this subdivision shall be based on the population it serves.

Sec. 8. Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:

[134.351] [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEMS.] *Subdivision 1. [ESTABLISHMENT.] The state board of education, upon the advice of the advisory council to the office of public libraries and interlibrary cooperation, may approve the establishment of multi-county, multi-type library systems.*

*Subd. 2. Each multi-county, multi-type library system is encouraged to develop additional services including, but not limited to the following: referral of users, intrasystem reciprocal borrowing, cooperative collection development, cooperative reference services, staff development, research and development, cooperative storage facilities, publicity and community relations.*

*Subd. 3. In order to qualify for a planning grant or development grant pursuant to sections 9 and 10 of this article, each participating library in a multi-county, multi-type library system shall adopt an organizational agreement providing for the following:*

- (a) Requiring all participating libraries to share resources;*
- (b) Long-range planning for cooperative programs;*
- (c) The development of a delivery system for services and programs; and*
- (d) The development of a bibliographic data base.*

Sec. 9. Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:

[134.352] [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEM.] *Subdivision 1. [PLANNING GRANTS.] The state board of education may award a one-year planning grant to a multi-county, multi-type library system, to be available during the first year of operation of each system. In awarding a planning grant, the state board shall consider the extra costs incurred in systems located in sparsely populated and large geographic areas.*

Sec. 10. Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:

[134.353] [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEM DEVELOPMENT GRANT.] *The state board of education*

*may provide development grants to multi-county, multi-type library systems in their second and subsequent years of operation. In awarding a development grant, the state board shall consider the extra costs incurred in systems located in sparsely populated and large geographic regions.*

**Sec. 11. [REPEALER.]** *Minnesota Statutes 1978, Section 134.33, Subdivision 2, is repealed.*

**Sec. 12. [APPROPRIATIONS.]** *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30, in the years designated.*

*Subd. 2. For grants pursuant to sections 134.30 to 134.36 for the provision of library services, there is appropriated:*

*\$3,591,300 . . . . . 1980,*

*\$3,614,300 . . . . . 1981.*

*Subd. 3. For grants pursuant to sections 9 and 10 of this article to multi-county, multi-type library systems, there is appropriated:*

*\$250,000                      1980,*

*\$250,000                      1981.*

*Subd. 4. Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.*

## ARTICLE VIII

### EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS COUNCIL ON QUALITY EDUCATION

**Section 1.** *Minnesota Statutes 1978, Section 3.924, Subdivision 1, is amended to read:*

**3.924 [ESTABLISHMENT.]** *Subdivision 1. [MEMBERSHIP, TERMS.] There is hereby created a council on quality education consisting of 17 19 persons. The members of such council shall be appointed as follows:*

*(1) One member shall be appointed by the Minnesota education association;*

*(2) One member shall be appointed by the Minnesota federation of teachers;*

*(3) One member shall be appointed by the Minnesota school board association;*

*(4) One member shall be appointed by the Minnesota state advisory council for vocational education;*



(5) *One member shall be appointed by the Minnesota state advisory council for special education;*

~~(5)~~ (6) One member shall be appointed by the state university board;

~~(6)~~ (7) One member shall be appointed by the state board for community colleges;

~~(7)~~ (8) One member shall be appointed by the regents of the University of Minnesota;

~~(8)~~ (9) One member shall be appointed by the private college council;

~~(9)~~ (10) One member from each congressional district and ~~one~~ *two members* at large, shall be appointed by the governor with the advice and consent of the senate, none of whom shall be officers, employees or board members of state educational institutions, departments, agencies or boards.

Sec. 2. Minnesota Statutes 1978, Section 3.925, is amended to read:

3.925 [PURPOSE.] The legislature of the state of Minnesota expresses concern over the future of elementary and secondary education in this state, its ability to meet the educational needs of the public school students, the professional growth and satisfaction of school staffs, the effectiveness and efficiency of present schools and their learning processes, continuing pupil unit cost escalation and the resulting financial crisis which this brings about. New approaches to the learning process, better utilization of professional staff and community resources, different requirements as to course offerings, course content, grading, graduation and school attendance must be researched and developed. It is believed that revised programs, innovations, new attitudes about learning and the public schools' responsibilities can be effectively achieved if such research and development are performed by the council on quality education and at the local school level by the school's staff and with involvement by the students and their community. Although funds spent now for such purposes can produce substantial educational and cost benefits in the future, such capital type funds are seldom available within any single school district's budget.

The purpose of the council on quality education is, therefore, to encourage, promote, aid, and perform research and development for quality education in Minnesota elementary and secondary schools, to evaluate the results of significant innovative programs and to disseminate information about these programs throughout the state.

To these ends, the council through the state board of education shall establish a venture fund from which grants or loans may be made in support of research and development programs relating to the problems and objectives heretofore described which shall include but not be limited to:

- (1) Effective utilization of community personnel and resources.
- (2) Developing model personnel policies and procedures, and new staffing concepts such as differentiated staffing.
- (3) Assessment and evaluation of education programs.
- (4) Developing a management and unit of instructional objectives design which will provide accountability by relating time and dollars to the amount of learning produced.
- (5) Determining responsibilities to be assumed by the schools exclusively or concurrently with other agencies or individuals.
- (6) Effective dissemination of educational information.
- (7) Developing new knowledge about learning and teaching.
- (8) Developing model educational programs as alternatives to existing educational practices and curricula.
- (9) Model programs and innovations to increase equality of educational opportunities.
- (10) Research and testing of new concepts of educational efficiency, effectiveness and cost benefits.
- (11) *Comprehensive interdisciplinary programs in health education and comprehensive programs designed to innovatively coordinate and integrate the delivery of pupil support services.*

The council shall not be limited to supporting innovations, programs or procedures supplementary to existing school structures and programs but may assist or research entirely new concepts such as open schools, informal schools and the like. It is the legislature's intent that any supported program shall hold promise of both educational and cost benefits and that the costs and improvements in learning effectiveness introduced thereby shall be measured and related.

The council may also review literature and other information about innovative programs in Minnesota and other states and disseminate the results of this research throughout the state. The council may identify ideas for innovative programs in the course of this research and solicit proposals from school boards for grants for such programs; provided not to exceed ten percent of the funds appropriated to the venture fund in any year may be expended to fund such research and programs.

The council shall make a report by November 15 of each even numbered year to the legislature concerning all research and all proposals received and the dispositions made thereof by the council and the state board of education.

Sec. 3. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9276] [CITATION.] *Sections 3 to 6 of this article may be cited as "The Early Childhood and Family Education Act".*

Sec. 4. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9277] [PURPOSE.] *The purposes of sections 3 to 6 of this article are: (a) to strengthen families, (b) to help parents to provide for their children's learning and development, and (c) to help young children to develop their physical, mental and social potentials.*

Sec. 5. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9278] [DEFINITIONS.] *Subdivision 1. As used in this article, the terms defined in this section have the meanings given them.*

*Subd. 2. "Early childhood" means the period of life before kindergarten and before age six.*

*Subd. 3. "Early childhood and family education programs" may include, but are not limited to, the following:*

*(a) Educational programs for parents on the physical, mental and emotional development of children and on the development of parenthood skills;*

*(b) Programs for the parents or guardians of children which are designed to strengthen the family unit and to assist the parents or guardians in providing sound early childhood learning and development;*

*(c) Libraries of books, toys and other educational materials which can be borrowed for home use;*

*(d) Activities designed to detect children's physical, mental, emotional or behavioral problems that are causing or might cause learning problems. Should the need for special help be found, the family shall be referred to an appropriate person or agency, but this program shall not pay treatment costs;*

*(e) Education for parenthood programs in secondary schools to increase the adolescent's awareness of the social, educational and health needs of children and of the role of parents in fostering a child's development;*

*(f) In-center activities;*

*(g) Home activity kits; and*

*(h) Community and resource information and referrals.*

Sec. 6. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9279] [EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS.] *Subdivision 1. [AUTHORIZATION.] The school board of any district, however organized, which receives early childhood and family education moneys from the council on quality education shall provide those services in one elementary school attendance area, or an area within the district, if the coun-*

*cil deems the area to be appropriate. The council on quality education shall prescribe the form and manner of application for the programs and shall select the grant and formula recipients. These programs shall be as equally distributed as possible among districts in cities of the first class, in suburbs, and outside the seven county metropolitan area.*

**Subd. 2. [PROGRAM ACCOUNTS.]** *A district providing early childhood and family education programs shall establish and maintain a separate account for the receipt and disbursement of all funds related to the programs.*

**Subd. 3. [PARTICIPANTS' FEES.]** *A district may charge reasonable fees for early childhood and family education services; however a district shall waive the charge or fee if any participant is unable to pay it.*

**Subd. 4. [ADDITIONAL FUNDING.]** *A school district providing early childhood and family education programs may receive funds for the programs from other governmental agencies and from private sources, including any state or federal funds available for community education or parent education.*

**Subd. 5. [PROGRAM COORDINATION.]** *A district providing early childhood and family education services is strongly encouraged to coordinate this programming with related services provided in the district by other governmental agencies and may develop cooperative programs with private agencies. State government agencies shall cooperate with a school district in these coordination efforts. A district which provides early childhood and family education programs but does not coordinate its efforts with those of other governmental agencies shall submit an explanatory report to the commissioner of education within one year after the implementation of its programs and each year thereafter in which such coordination is not established.*

**Subd. 6. [ADVISORY COUNCILS.]** *The school board of a district providing early childhood and family education programs shall appoint an advisory council. Council members shall be selected from the school attendance area in which the programs are provided. A majority of the members shall be parents participating in the local program. The local advisory council shall assist the school board in the development, coordination, supervision and review of early childhood and family education services in the area and shall suggest priorities for child learning and development services in the community. The council shall report to the school board and the district community school advisory council, if that council has been established in the district.*

**Subd. 7. [ADVISORY TASK FORCE ON EARLY CHILDHOOD AND FAMILY EDUCATION.]** *The council on quality education shall appoint an advisory task force on early childhood and family education programs. The advisory task force shall be composed of parents of young children and persons knowledgeable in the fields of health, education and welfare. A majority of the task force shall be parents of young children. The advisory task*

force shall advise the council in the administration of the early childhood and family education programs. The terms, compensation and removal of members shall be governed by the provisions of section 15.059, subdivision 6. The task force shall expire June 30, 1981.

**Subd. 8. [PERSONNEL.]** A school board may employ and discharge personnel necessary for its early childhood and family education programs. All professional early childhood and family education personnel shall have the qualifications required by the council on quality education and the employing school district.

**Subd. 9. [VOLUNTARY PARTICIPATION.]** Participation by parents and children in early childhood and family education programs shall be voluntary and shall not preclude participation in other state or local programs. No school district shall discriminate in providing early childhood and family education programs on the basis of race, religion, sex or ethnic background, and no programs shall be used in whole or in part for religious worship or instruction.

**Subd. 10. [STATE BOARD OF EDUCATION.]** The state board of education shall:

(a) Annually review district early childhood and family education programs;

(b) Apply for funds which are, or may become, available under federal programs pertaining to early childhood and family education, including funds for administration, demonstration projects, training, technical assistance, planning, and evaluation;

(c) Encourage cooperation in the delivery of services by districts operating early childhood and family education programs;

(d) Inform the public about early childhood development services;

(e) Provide professional and technical assistance to school districts providing early childhood and family education programs.

**Subd. 11. [FORMULA FUNDING.]** In fiscal years 1980 and 1981 the council on quality education shall fund ten early childhood and family education programs according to a formula or formulas which it shall develop. An early childhood and family education program selected by the council for formula funding shall be funded according to a formula for both fiscal years 1980 and 1981; however, the council may modify or change the funding formula used for a particular early childhood and family education program. The formula or formulas developed by the council shall include incentives for programs to increase the participation of persons who are educationally and economically disadvantaged.

The council on quality education shall describe and evaluate the formula funding of early childhood and family education programs in the council's 1980 annual report to the legislature. By November 15, 1981 the council on quality education shall make a special report to the legislature which shall contain a summary

*and conclusion of a study of the feasibility of formula funding for all early childhood and family education programs.*

**Subd. 12. [NEGOTIATED GRANTS.]** *The council on quality education may fund up to 40 early childhood and family education programs, other than the ten programs funded pursuant to subdivision 11, according to the negotiated grants procedure established by Minnesota Statutes, Sections 3.924 to 3.927.*

**Subd. 13. [SPECIAL CATEGORICAL PROGRAM GRANT.]** *For the programs funded pursuant to subdivision 12, there is hereby created a special categorical program grant for those programs serving economically disadvantaged persons. The council on quality education shall apportion the grant money among the eligible programs in proportion to the number of participants in each program from families which receive aid to families with dependent children compared to the number of participants in all the eligible programs from families which receive aid to families with dependent children.*

**Sec. 7. [REPEALER.]** *Minnesota Statutes 1978, Sections 3.9271; 3.9273; 3.9274; and 3.9275 are repealed.*

**Sec. 8. [APPROPRIATIONS.]** *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

**Subd. 2. [COUNCIL ON QUALITY EDUCATION; VENTURE FUND GRANTS.]** *For the council on quality education venture fund grants pursuant to sections 3.925 and 3.926, there is appropriated:*

\$900,000      1980,

\$900,000      1981.

**Subd. 3. [EARLY CHILDHOOD AND FAMILY EDUCATION.]** *For early childhood and family education programs pursuant to sections 3 to 6 of this article there is appropriated:*

\$2,369,700      1980.

*Of this amount \$272,000 is for the purpose of providing special categorical program grants pursuant to section 6, subdivision 13 of this article and \$82,000 is for administration of programs.*

\$2,536,000      1981.

*Of this amount \$297,200 is for the purpose of providing special categorical program grants pursuant to section 6, subdivision 13 of this article and \$82,000 is for administration of programs.*

**Subd. 4.** *Any unexpended fund balance remaining from the appropriations in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated."*

Delete the title and insert:

"A bill for an act relating to education; providing for aids to education, tax levies and the distribution of tax revenues; granting certain duties and powers to school boards, school districts, the state board of education, and the state board for vocational education; modifying the hearing procedure for the educational placement of certain handicapped students; appropriating money; amending Minnesota Statutes 1978, Sections 3.924, Subdivision 1; 3.925; 16.93; 120.075; 120.17, Subdivisions 3b, 4, 6 and 7a; 121.21, Subdivision 6; 121.49; 121.904, Subdivision 11b; 121.917, by adding a subdivision; 121.92; 123.702, Subdivision 1, and by adding a subdivision; 123.703, Subdivisions 1 and 3; 123.705; 123.937; 124.11, Subdivisions 2 and 5; 124.14; 124.17, Subdivision 1; 124.19, by adding a subdivision; 124.20; 124.212, Subdivisions 1, 6c, 7c, and 10; 124.222, Subdivision 3; 124.26, Subdivision 1; 124.271, Subdivision 2, and by adding a subdivision; 124.32, Subdivisions 1, 1a, 5 and 10; 124.561, Subdivisions 2, 3 and 3a; 124.562, Subdivisions 2, 3 and 4; 124.565; 124.566; 124.572, Subdivisions 1, 2 and 3; 124.573, Subdivisions 1, 2, 3, and by adding a subdivision; 124.574, Subdivision 2; 124.646, Subdivision 1; 125.61, Subdivision 4; 126.39, Subdivision 10; 126.40, Subdivision 3; 126.41, Subdivision 1; 126.52, Subdivision 10; 126.53, Subdivision 3; 126.54, Subdivision 1; 134.30, by adding a subdivision; 134.32, Subdivision 5; 134.33, Subdivision 1; 134.34, Subdivisions 1 and 2; 134.35, Subdivisions 1 and 2; 272.115, Subdivision 4; 273.13, Subdivision 6; 275.125, Subdivisions 2a, 8, 11a, and by adding a subdivision; 276.04; 290A.03, Subdivision 13; 465.72; 471.38, by adding a subdivision; and Chapters 3, by adding sections; 123, by adding a section; 124, by adding sections; and 134, by adding sections; repealing Minnesota Statutes 1978, Sections 3.9271; 3.9273; 3.9274; 3.9275; 123.938, Subdivision 7; 124.212, Subdivisions 6b and 7b; 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; 124.562, Subdivision 1; 124.563; 134.33, Subdivision 2; 273.132; 275.125, Subdivision 13."

The motion prevailed. So the amendment was adopted.

Mr. Hanson moved to amend H. F. No. 223, as amended by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 315.)

Page 2, after line 9, insert:

"Section 1. [PURPOSE.] *The increases in general fund revenue provided to school districts in this article are intended by the legislature to be used for improving the instructional program in grades kindergarten through 12, with emphasis on improving the instructional program and student-licensed staff ratios in grades kindergarten through 3.*"

Renumber the sections in sequence

Correct the internal references

## CALL OF THE SENATE

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

Anderson	Frederick	Knoll	Olhoff	Sikorski
Ashbach	Gearty	Knutson	Penny	Staples
Benedict	Gunderson	Laufenburger	Perpich	Stokowski
Bernhagen	Hanson	Lessard	Pillsbury	Strand
Brataas	Hughes	McCutcheon	Purfeerst	Stumpf
Chenoweth	Humphrey	Menning	Renneke	Ueland, A.
Coleman	Jensen	Merriam	Rued	Ulland, J.
Dieterich	Johnson	Moe	Schaaf	Vega
Dunn	Kirchner	Nelson	Schmitz	Willet
Engler	Knaak	Nichols	Setzepfandt	

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

Mr. Sillers moved to amend the Hanson amendment to H. F. No. 223, as amended by the Senate May 10, 1979 as follows:

(The text of the amended House File is identical to S. F. No. 315.)

After the Hanson amendment, insert:

Page 6, after line 5, insert:

*"(10) For the purpose of improving the instructional program in kindergarten through third grades, in addition to the weighting provided by clause (1), in the 1980-1981 school year and thereafter each kindergarten pupil shall be counted an additional one-tenth pupil unit and each elementary pupil in grades one, two and three shall be counted an additional two-tenths pupil unit. Funds provided by this clause shall be available only upon development and adoption of a written educational policy, as provided in section 123.741, which establishes the goals and priorities of the district for improving the instructional program in kindergarten through third grades. When the funds provided by this clause are used to hire personnel, preference shall be given to certificated personnel."*

Page 19, after line 24, insert:

*"Sec. 17. [PURPOSE.] The legislature finds that primary grade instructional programs have a significant educational impact on young children. The purposes of the programs authorized by sections 18 and 19 are to (a) improve the quality of instruction in the primary grades by providing additional resources to school districts to reduce class size in grades kindergarten through three, (b) provide in-service training for primary grade teachers and administrators, (c) establish closer relations between the school and home and (d) provide for additional instructional materials designed to meet the program objectives."*

**Sec. 18. [DEMONSTRATION PROGRAM FOR PRIMARY GRADE INSTRUCTIONAL IMPROVEMENT.]** *Subdivision 1. The state board of education shall choose a minimum of 25 school districts which together serve not more than 50,000 kindergarten*



*through third grade pupils to participate in a demonstration primary grade instructional improvement program for the 1979-1980 school year.*

*Subd. 2. A district may apply to the state board to be included in the demonstration primary grade instructional improvement program by June 15, 1979 and shall be notified by the state board of its acceptance or rejection by July 15, 1979.*

*Subd. 3. Districts chosen by the state board to participate in the demonstration program shall represent all district enrollment sizes and all geographic regions of the state. The department of education shall define district enrollment sizes and state geographic regions for the purpose of this section.*

*Subd. 4. A district which participates in the demonstration program for the 1979-1980 school year shall receive for that school year a grant which shall equal ten percent times the 1979-1980 foundation aid formula allowance per pupil unit for each kindergarten pupil and 20 percent times the 1979-1980 foundation aid formula allowance per pupil unit for each elementary pupil in grades one, two and three. The grant funds available to a district because of this subdivision shall be used to improve instruction in kindergarten through third grades. When the grant funds are used to hire personnel, preference shall be given to certificated personnel.*

*Subd. 5. A district participating in the demonstration program authorized by this section shall also receive grants for the purposes of subdivisions 6, 7 and 8. Grants under this section shall be computed by the state board on or before October 1, 1979 and may not be adjusted for any reason after that date. The grants shall be paid to a district by November 1, 1979.*

*Subd. 6. For the purpose of improving the instructional program in kindergarten through third grades, for the 1979-1980 school year the state shall pay a district selected for the demonstration grant program authorized by this section \$550 for each classroom teacher and each administrator teaching or administering any of grades kindergarten through three. Funds paid pursuant to this subdivision shall be used to conduct teacher and administrator training workshops for the teachers and administrators for whom the funds were paid. The workshops shall emphasize methods of improving instruction, techniques of individualized instruction and parent-teacher communication. In the 1980-1981 school year a district which received a grant for the purpose of this subdivision shall conduct follow-up workshops to analyze the progress of the district in improving kindergarten through third grade instruction and parent-teacher communication between parents and teachers of pupils in kindergarten through third grades. For the 1980-1981 school year the state shall pay a district selected for the demonstration program authorized by this section \$275 for each classroom teacher and administrator teaching or administering any of grades kindergarten through three for the purpose of the follow-up workshops.*

*Subd. 7. To improve communication between parents and teachers of kindergarten through third grade pupils, for the 1979-1980 school year the state shall pay a district selected for the demonstration program authorized by this section \$400 for each classroom teacher in that district of any of grades kindergarten through three. The funds provided under this subdivision shall be used for purposes which will improve communication between parents and teachers of pupils in kindergarten through third grades, including additional compensation for teachers to work with parents.*

*Subd. 8. In the 1979-1980 school year the state shall pay a district selected for the demonstration program authorized by this section \$10 for each of its pupils enrolled in any of grades kindergarten through three, for the purpose of providing instructional materials to improve the instructional program in kindergarten through third grades. Materials purchased with funds provided pursuant to this subdivision shall be available solely for kindergarten through third grades.*

**Sec. 19. [EXPANSION OF THE PRIMARY GRADE INSTRUCTIONAL IMPROVEMENT PROGRAM.]** *Subdivision 1. For the 1980-1981 school year the state shall pay a school district which did not receive a grant under section 18, subdivision 6, \$550 for each classroom teacher and each administrator teaching or administering any of grades kindergarten through three. Funds paid pursuant to this subdivision shall be used to conduct teacher and administrator training workshops for the teachers and administrators for whom the funds were paid. The workshops shall emphasize methods of improving instruction, methods of individualized instruction and parent-teacher communication. In the 1981-1982 school year a district which received a grant for the purpose of this subdivision shall conduct follow-up workshops to analyze the progress of the district in improving kindergarten through third grade instruction and parent-teacher communication between parents and teachers of pupils in kindergarten through third grades. For the 1981-1982 school year the state shall pay a district which received a grant pursuant to this subdivision for the 1980-1981 school year \$275 for each classroom teacher and administrator teaching or administering any of grades kindergarten through three for the purpose of conducting the follow-up workshops.*

*Subd. 2. For the 1980-1981 school year and each school year thereafter the state shall pay each district \$400 for every classroom teacher in that district of any of grades kindergarten through three. The funds provided under this subdivision shall be used for purposes which will improve communication between teachers and parents of pupils in kindergarten through third grades, including additional compensation for teachers to work with parents.*

*Subd. 3. In the 1980-1981 school year and each school year thereafter the state shall pay each school district \$10 for each of its pupils enrolled in any of grades kindergarten through three. The funds shall be used to provide instructional materials to improve the instructional program in kindergarten through third grades. Materials purchased with funds provided pursuant to this*

*subdivision shall be available solely for kindergarten through third grades.*

*Subd. 4. Grants under this section shall be computed by the state board on or before October 1 of a school year and may not be adjusted for any reason after that date. The grants shall be paid to the school districts by November 1 of a school year.*

**Sec. 20. [DUTIES OF THE STATE BOARD.]** *Subdivision 1. Insofar as possible, the state board shall provide technical assistance to a school district which wants assistance to improve its instructional program in kindergarten through third grades.*

*Subd. 2. The state board shall monitor and evaluate all kindergarten through third grade programs each year. An evaluation shall include an analysis of class size, student performance, instructional techniques, parent-teacher communications and district compliance with the directives in sections 2 and 18 of this article that in hiring personnel, preference be given to certificated personnel.*

*Subd. 3. Before March 1, 1980 and before January 15 of each year thereafter the state board shall report to the education committees of the legislature on the effectiveness of the primary grade instructional improvement program. A report shall contain recommendations concerning the continuance of the program."*

Delete page 20, line 31, to page 21, line 3, and insert:

*"There is appropriated (a) For payments pursuant to section 18, subdivision 4:*

*\$10,350,000      1980.*

*(b) For payments resulting from increased pupil unit weighting pursuant to section 2, clause (10):*

*\$39,100,000      1981.*

*(c) For the purpose of providing in-service training for teachers and administrators for kindergarten through third grades pursuant to section 18, subdivision 6 and section 19, subdivision 1:*

*\$ 1,412,400      1980,*

*\$ 6,536,200      1981.*

*(d) For the purpose of improving parent-teacher communications as provided in section 18, subdivision 7 and section 19, subdivision 2:*

*\$ 1,027,200      1980,*

*\$ 4,240,000      1981.*

*(e) For providing instructional materials pursuant to section 18, subdivision 8 and section 19, subdivision 3:*

*\$ 500,000      1980,*

*\$ 2,000,000      1981.*

(f) *For technical assistance pursuant to section 20:*

\$ 530,000 1980,

\$ 530,000 1981.

*Of the amounts appropriated in this clause, the department of education may spend in each fiscal year a sum not to exceed \$200,000 to staff one clerical position and not more than four professional positions.*

*Of the amounts appropriated in this clause, the department may allot an amount not to exceed \$330,000 in each fiscal year to educational cooperative service units to provide assistance to districts for improving instruction in kindergarten through third grades."*

Page 21, after line 18, insert:

"Sec. 24. [EFFECTIVE DATE.] Sections 17, 18, and 20 of this article are effective the day following final enactment."

Renumber sections accordingly

Further, amend the title as follows:

Page 1, line 9, after "students;" insert "establishing primary grade instructional improvement programs;"

The question was taken on the adoption of the Sillers amendment to the Hanson amendment.

The roll was called, and there were yeas 20 and nays 39, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson	Hughes	McCutcheon	Penny	Staples
Chenoweth	Humphrey	Menning	Perpich	Stokowski
Coleman	Johnson	Merriam	Purfeerst	Stumpf
Davies	Keefe, S.	Moe	Schaaf	Tennessen
Dieterich	Knoll	Nelson	Schmitz	Vega
Gearty	Laufenburger	Nichols	Setzepfandt	Wegener
Gunderson	Lessard	Olhoft	Solon	Willet
Hanson	Luther	Olson	Spear	

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

The question recurred on the Hanson amendment.

The roll was called, and there were yeas 58 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Benedict	Coleman	Dunn	Gearty
Ashbach	Bernhagen	Davies	Engler	Gunderson
Bang	Chenoweth	Dieterich	Frederick	Hanson

Hughes	Knutson	Nichols	Rued	Stokowski
Humphrey	Laufenburger	Ogdahl	Schaaf	Strand
Jensen	Lessard	Olhoff	Schmitz	Stumpf
Johnson	Luther	Olson	Setzepfandt	Ueland, A.
Keefe, J.	McCutcheon	Penny	Sieloff	Vega
Keefe, S.	Menning	Perpich	Sikorski	Wegener
Kirchner	Merriam	Pillsbury	Sillers	Willet
Knaak	Moe	Purfeerst	Solon	
Knoll	Nelson	Renneke	Staples	

Mrs. Brataas and Mr. Ulland, J. voted in the negative.

The motion prevailed. So the amendment was adopted.

Mr. Ueland, A. moved to amend H. F. No. 223, as amended by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 315.)

Page 66, delete lines 10 to 18 and insert:

"[124.575] [TRAINING FOR EMPLOYMENT AID.] *Subdivision 1. [PURPOSE.] It is the policy of the state of Minnesota to encourage new and expanding businesses and industries that provide for the employment of its citizens. When industry is considering locating, expanding, or relocating an important factor is the availability of a trained labor supply. The purpose of this section is to ensure that Minnesota is competitive with other states in providing training for the expansion of businesses and industries.*

*Subd. 2. [PROCEDURE.] The commissioner of education, in cooperation with the departments of economic development and economic security, shall provide a mechanism whereby businesses and industries that are locating, expanding, or relocating in the state shall be assured short term training of needed employees. The department of economic development shall be responsible to attract and to assist industries interested in locating or expanding in Minnesota. The department of economic security shall assist both employers and state citizens toward maximum employment in suitable jobs and shall utilize Comprehensive Employment and Training Act funds whenever appropriate to assist in accomplishing the objective.*

*The division of vocational-technical education of the department of education, in conjunction with the area vocational-technical institutes, shall provide training. A business or industry shall be eligible for an employee training program if it creates new jobs or substantially increases its work force. All programs shall be approved by the commissioner of education."*

Page 74, delete lines 29 to 33 and insert:

"Subd. 7. [TRAINING FOR EMPLOYMENT AID.] *For employee training programs pursuant to section 13 there is appropriated:*

*\$500,000 for the biennium  
ending June 30, 1981.*

*Of that amount, \$100,000 is immediately appropriated. When that*

*amount is spent, and each time an additional appropriation is spent, the commissioner of education shall report on those expenditures to the legislative advisory commission which may release additional amounts of the total appropriation, up to \$100,000 each time, for the purpose of section 13."*

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

Mr. Rued moved to amend H. F. No. 223, as amended by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 315.)

Page 10, after line 13, insert:

"Sec. 10. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.311] [PUBLIC LANDS ALLOWANCE.] *Subdivision 1. Each year on September 1, the state shall pay to any district where 40 percent or more of the total land area is owned by the state, an amount equal to one dollar for each acre of land owned by the state in the district as of January 1 of the calendar year in which the payment is made.*

*For purposes of this section, "land owned by the state" shall not include tax forfeited land held by the state in trust in favor of school districts, towns, cities, counties or other taxing districts.*

*Subd. 2. In no case shall the payment authorized in subdivision 1 in a given fiscal year be greater than an amount equal to 20 mills times the 1977 adjusted assessed valuation of the district.*

*Subd. 3. The payment pursuant to this section in any fiscal year shall be reduced by the amount of any payments received by the district in the preceding fiscal year under any law distributing proceeds in lieu of ad valorem tax assessments on copper, nickel or uranium properties.*

*Subd. 4. In any district receiving a payment under the provisions of this section, the maximum permissible levy authorized by section 275.125, subdivision 2a, shall be reduced by the amount of the payment received in the year in which the levy is certified.*

*Subd. 5. Payments received pursuant to the provisions of this section shall be deposited in the district's debt service fund and shall be recognized as revenue and reported on the district books of account in the same manner as the taxes collected by the levy certified in the year in which the payment is received. Payments shall not exceed 75 percent of the total debt service levy for each year.*

*Subd. 6. For purposes of computing payments pursuant to this section, the commissioner shall consult with the state planning agency to determine in which school districts state owned land may be 40 percent or more of the total land area of the district. If the information the commissioner obtains is insufficient to*

*determine if a particular district qualifies for aid under this section, the commissioner may require that the auditor of any county which has land within the district certify to the commissioner the data the commissioner may require to administer this section.*

*An auditor who is required to submit data under this section may bill the school district for which the auditor submits the data for the costs incurred in providing the data."*

Page 21, after line 7, insert:

*"Subd. 7. [PUBLIC LANDS ALLOWANCE.] For the public lands allowance pursuant to section 10 of this article there is appropriated:*

*685,000 1980,*

*685,000 1981."*

Page 21, line 14, delete "*and 5*" and insert "*5, 6, and 7*"

Renumber the sections and subdivisions in sequence

Change the internal references

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

Mrs. Brataas moved to amend H. F. No. 223, as amended by the Senate, adopted May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 315.)

*Page 86, line 2, after the period, insert "This subdivision shall not apply to any school district which has been a member of a city-county computing consortium since on or before December 31, 1971."*

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

Mr. Bernhagen moved to amend H. F. No. 223, as amended by the Senate, adopted May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 315.)

Page 59, delete lines 11 to 15

Renumber the subdivisions in sequence

Page 73, after line 14, insert:

*"Sec. 24. Minnesota Statutes 1978, Section 275.125, Subdivision 13, is amended to read:*

*Subd. 13. Districts maintaining a post-secondary vocational-technical school 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. *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 1980-1981 school year and thereafter providing that no amount shall exceed \$150 per ADM."*

Page 73, line 16, before "124.563" insert "and"

Page 73, line 16, delete "; and 275.125,"

Page 73, line 17, delete "Subdivision 13"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 35, before "and" insert "13,"

Page 2, line 4, delete "; 275.125,"

Page 2, line 5, delete "Subdivision 13"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 20 and nays 33, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Knaak	Pillsbury	Ueland, A.
Bernhagen	Engler	Knutson	Renneke	Ulland, J.
Brataas	Frederick	Lessard	Rued	Wegener
Chmielewski	Keefe, J.	Olhoft	Sieloff	Willet

Those who voted in the negative were:

Anderson	Gunderson	Luther	Olson	Stokowski
Benedict	Hughes	McCutcheon	Penny	Strand
Chenoweth	Humphrey	Menning	Perpich	Stumpf
Coleman	Johnson	Merriam	Purfeerst	Tennessen
Davies	Keefe, S.	Moe	Schaaf	Vega
Dieterich	Knoll	Nelson	Solon	
Gearty	Laufenburger	Nichols	Spear	

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

Mrs. Knaak moved to amend H. F. No. 223, as amended by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 315.)



Page 19, after line 24, insert:

**"Sec. 17. [121.93] [SCHOOL FINANCE STUDY COMMISSION.] Subdivision 1. [CREATION.]** *There is hereby created a commission to study school finance.*

**Subd. 2. [NAME; DUTIES.]** *The name of the commission is the school finance study commission. The commission shall:*

*(a) Study federal, state and local financing of state elementary, middle school, secondary, adult and vocational education;*

*(b) Analyze the revenues, expenditures and financial status of state school districts;*

*(c) Consider the future revenue needs and resources of Minnesota school districts and plans for meeting the needs;*

*(d) Study power equalization financing for state school districts;*

*(e) Evaluate the state school aid system;*

*(f) Study, analyze and prepare reports on other areas relating to the financing of schools in Minnesota including: school enrollment, school construction, interdistrict cooperation, staff salaries, administration and disparities among districts in costs, revenues and taxes;*

*(g) Study, analyze and prepare reports on subjects which the commission is requested to study by the education committees of the legislature;*

*(h) Gather, study, organize and present data on Minnesota schools in a manner that will facilitate comparisons among school districts;*

*(i) Make recommendations to the legislature within the scope of its study, including recommendations on methods and plans for financing education, and file a report of its activities and recommendations with the governor and the legislature by January 15, 1981 and biennially by the same date thereafter.*

**Subd. 3. [MEMBERSHIP.]** *The commission shall consist of five members of the senate appointed by the subcommittee on committees, five members of the house of representatives appointed by the speaker and five citizens appointed by the governor. The first members of the commission shall be appointed to serve for a term expiring on January 15, 1981. Subsequent members shall be appointed at the commencement of a biennial session of the legislature for a two year term beginning January 16 of the year of the appointment.*

**Subd. 4. [COMPENSATION.]** *The members of the commission who are appointed by the governor shall receive \$35 a day for each day spent on commission activities, when authorized by the commission, plus expenses in the same manner and amount as state employees.*

**Subd. 5. [REMOVAL; VACANCIES.]** *A member other than the chairperson of the commission may be removed by the ap-*

pointing authority which selected the member, or by a successor of that appointing authority, at any time (a) for cause, after notice and hearing, or (b) after missing three consecutive meetings. The chairperson of the commission shall inform the appointing authority which selected the member, or the successor of that appointing authority, if the member misses three consecutive meetings. After the second consecutive missed meeting and before the next meeting, the secretary of the commission shall notify the member in writing that the member may be removed for missing the next meeting.

In the case of a vacancy on the commission, the appointing authority which selected the member whose position is vacant, or a successor of that appointing authority, shall appoint a person to fill the vacancy for the remainder of the unexpired term.

Subd. 6. [OFFICE; MEETINGS; OFFICERS.] The commission shall maintain an office in the capitol group of buildings in space which the commissioner of administration shall provide. The commission shall hold meetings at the times and places it designates. It shall select a chairperson and secretary from its membership and may select other officers from its membership as it deems necessary.

Subd. 7. [STAFF.] The commission may employ the professional, clerical, and technical assistants it deems necessary in order to perform its duties.

Subd. 8. [ASSISTANCE OF OTHER AGENCIES.] The commission may request information from a state officer or agency to assist it in carrying out its duties, and the officer or agency shall promptly furnish the data requested.

Subd. 9. [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 school finance."

Page 21, after line 18, insert the following:

"Sec. 21. [APPROPRIATION; SCHOOL FINANCE STUDY COMMISSION.] There is appropriated from the general fund to the school finance study commission established pursuant to section 17 of this article the sum of \$50,000 for each year of the biennium ending June 30, 1981, to pay the expenses of the commission. Any unexpended balance remaining from the appropriation in this section for the first year of the biennium shall not cancel but shall be available for the second year of the biennium."

Renumber the sections accordingly

Further, amend the title as follows:

Page 1, line 9, after "students;" insert "creating a school finance study commission;"

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

H. F. No. 223 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 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

#### MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Merriam moved that S. F. No. 315, No. 86 on Special Orders, be stricken and laid on the table. The motion prevailed.

#### RECESS

Mr. Coleman moved that the Senate do now recess until 9:00 o'clock p.m. The motion prevailed.

The hour of 9:00 o'clock p.m. having arrived, the President called the Senate to order.

#### MEMBERS EXCUSED

Mr. Bang was excused from the Session of today from 12:15 to 1:00 o'clock p.m. Mr. Pillsbury was excused from this evening's Session. Mr. Keefe, J. was excused from this evening's Session at 10:40 o'clock p.m.

#### CALL OF THE SENATE

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

Anderson	Gunderson	Knoll	Rued	Staples
Bang	Hughes	Knutson	Schaaf	Strand
Benedict	Humphrey	Laufenburger	Schmitz	Stumpf
Brataas	Johnson	Luther	Schrom	Tennessen
Chmielewski	Keefe, J.	Menning	Setzepfandt	Ueland, A.
Dunn	Keefe, S.	Moe	Sieloff	Ulland, J.
Engler	Kleinbaum	Ogdahl	Sikorski	Willet
Gearty	Knaak	Peterson	Sillers	

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

**SPECIAL ORDER**

S. F. No. 481: A bill for an act relating to transportation; appropriating money to the department of transportation for the purpose of providing operating subsidies for Medicine Lake transit service under certain conditions.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 35 and nays 9, as follows:

Those who voted in the affirmative were:

Anderson	Gearly	Knoll	Ogdahl	Staples
Ashbach	Gunderson	Knutson	Perpich	Stumpf
Benedict	Hughes	Laufenburger	Schaaf	Tennessen
Brataas	Humphrey	Lessard	Schmitz	Ueland, A.
Chenoweth	Keefe, J.	Menning	Sikorski	Ulland, J.
Coleman	Keefe, S.	Moe	Solon	Vega
Engler	Kleinbaum	Nelson	Spear	Willet

Those who voted in the negative were:

Dunn	Luther	Penny	Rued	Wegener
Knaak	Olson	Purfeerst	Strand	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

H. F. No. 659: A bill for an act relating to local government; providing for facilities of the jointly owned airport of the city of Brainerd and Crow Wing County; authorizing the issuance of bonds to finance the acquisition and betterment of airport facilities; repealing Laws 1965, Chapter 152.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearly	Laufenburger	Perpich	Staples
Ashbach	Gunderson	Lessard	Purfeerst	Stokowski
Bang	Hughes	Luther	Renneke	Strand
Benedict	Humphrey	Menning	Rued	Stumpf
Bernhagen	Jensen	Merriam	Schaaf	Tennessen
Brataas	Johnson	Moe	Schmitz	Ueland, A.
Chenoweth	Keefe, J.	Nelson	Setzepfandt	Ulland, J.
Davies	Kleinbaum	Ogdahl	Sieloff	Vega
Dieterich	Knaak	Olhott	Sikorski	Wegener
Dunn	Knoll	Olson	Solon	Willet
Engler	Knutson	Penny	Spear	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

H. F. No. 568: A bill for an act relating to the county of Anoka; authorizing the Anoka county board of commissioners to assume the powers and duties of a human services board.

Mr. Merriam moved that the amendment made to H. F. No. 568 by the Committee on Rules and Administration in the report adopted April 9, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

Mr. Merriam moved to amend H. F. No. 568 as follows:

Page 2, line 31, after the period, insert "The establishment of a human services board will not negate any collective bargaining unit agreements between the existing exclusive representative and the county of Anoka."

The motion prevailed. So the amendment was adopted.

H. F. No. 568 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 51 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Renneke	Stumpf
Ashbach	Gunderson	Laufenburger	Schaaf	Tennessen
Bernhagen	Hughes	Lessard	Schmitz	Ueland, A.
Brataas	Humphrey	Luther	Setzepfandt	Ulland, J.
Chenoweth	Jensen	Menning	Sieloff	Vega
Chmielewski	Johnson	Merriam	Sikorski	Wegener
Davies	Keefe, J.	Ogdahl	Sillers	Willet
Dieterich	Keefe, S.	Olhoft	Solon	
Dunn	Kleinbaum	Olson	Spear	
Engler	Knaak	Penny	Stokowski	
Frederick	Knoll	Perpich	Strand	

Mr. Benedict and Mrs. Staples voted in the negative.

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

**SPECIAL ORDER**

H. F. No. 235: A bill for an act relating to state parks; removing certain lands from within the boundaries of Split Rock Lighthouse State Park and Judge C. R. Magney State Park; adding lands to the boundaries of Split Rock Lighthouse State Park and Afton State Park.

Mr. Sikorski moved to amend H. F. No. 235 as follows:

Page 3, after line 8, insert:

"Sec. 5. The commissioner of natural resources in the name of the state shall, for fair market value excluding improvements, convey by quitclaim deed in a form approved by the attorney general, the following described real property to adjoining property owners to

resolve problems arising from the inadvertent placement of a fence, building, and other developments on state property:

That part of the Southwest Quarter of the Southwest Quarter (SW  $\frac{1}{4}$  SW  $\frac{1}{4}$ ), Section Thirty-one (31), Township Thirty-two (32) North, Range Nineteen (19) West, Washington County, Minnesota, described as follows:

Beginning at the southeast corner of said Southwest Quarter of the Southwest Quarter; thence on an assumed bearing of North 02 40' 33" West, 1021.30 feet along the east line of said Southwest Quarter of the Southwest Quarter; thence South 87 19' 27" West, 1.11 feet; thence South 01 26' 54" East, 567.26 feet; thence South 02 35' 06" East, 252.11 feet; thence South 01 14' 45" East, 201.53 feet to the south line of said Southwest Quarter of the Southwest Quarter; thence North 89 07' 19" East, 18.70 feet along the south line of said Southwest Quarter of the Southwest Quarter to the point of beginning; containing 0.25 acres."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, before the period, insert "; conveying the state's interests in certain lands"

The motion prevailed. So the amendment was adopted.

H. F. No. 235 was then progressed.

### SPECIAL ORDER

H. F. No. 395: A bill for an act relating to state historic sites; authorizing management contracts with counties, municipalities, or county or local historical societies.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Laufenburger	Perpich	Spear
Bang	Gearly	Lessard	Purfeerst	Staples
Benedict	Gunderson	Luther	Renneke	Stokowski
Bernhagen	Hanson	McCutcheon	Rued	Strand
Brataas	Hughes	Menning	Schaaf	Stumpf
Chenoweth	Humphrey	Merriam	Schmitz	Tennessen
Chmielewski	Johnson	Moe	Setzepfandt	Ueland, A.
Davies	Keefe, S.	Ogdahl	Sieloff	Ulland, J.
Dieterich	Knaak	Olhoft	Sikorski	Vega
Dunn	Knoll	Olson	Sillers	Wegener
Engler	Knutson	Penny	Solon	Willet

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

H. F. No. 819: A bill for an act relating to local government; fixing a maximum amount for airport revenue certificates; amending Minnesota Statutes 1978, Section 360.71.

Mr. Nichols moved to amend H. F. No. 819, as amended pursuant to Rule 49, adopted by the Senate April 16, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 884.)

Page 1, line 11, strike "five" and insert "*seven and one-half*"

The motion prevailed. So the amendment was adopted.

H. F. No. 819 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 54 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Laufenburger	Penny	Spear
Bang	Gunderson	Lessard	Perpich	Staples
Benedict	Hughes	Luther	Renneke	Stokowski
Bernhagen	Humphrey	McCutcheon	Rued	Strand
Brataas	Johnson	Menning	Schaaf	Stumpf
Chenoweth	Keefe, J.	Merriam	Schmitz	Tennessee
Chmielewski	Keefe, S.	Moe	Setzepfandt	Ueland, A.
Dieterich	Kleinbaum	Nichols	Sieloff	Ulland, J.
Dunn	Knaak	Ogdahl	Sikorski	Vega
Engler	Knoll	Olhoff	Sillers	Wegener
Frederick	Knutson	Olson	Solon	

Messrs. Davies, Nelson and Willet voted in the negative.

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

**SPECIAL ORDER**

H. F. No. 1011: A bill for an act relating to labor; master and apprentice; identifying the ex officio member of the advisory council; authorizing equal opportunity in employment standards; providing for reciprocity recognition of certain programs; changing the terms of apprenticeships; changing the range in apprenticeship committee membership; amending Minnesota Statutes 1978, Sections 178.02, Subdivision 1; 178.03, Subdivision 3, and by adding a subdivision; 178.05, Subdivision 2; and 178.06.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Bernhagen	Chmielewski	Dunn	Gunderson
Bang	Brataas	Davies	Engler	Hanson
Benedict	Chenoweth	Dieterich	Gearty	Hughes

Humphrey	Luther	Olson	Setzepfandt	Strand
Johnson	McCutcheon	Penny	Sieloff	Stumpf
Keefe, S.	Menning	Perpich	Sikoraki	Tennessee
Kleinbaum	Merriam	Purfeerst	Sillers	Ueland, A.
Knaak	Moe	Renneke	Solon	Ulland, J.
Knutson	Nelson	Rued	Spear	Willet
Laufenburger	Ogdahl	Schaaf	Staples	
Lessard	Olhoff	Schmitz	Stokowski	

So the bill passed and its title was agreed to.

### RECONSIDERATION

Mr. Rued moved that the vote whereby H. F. No. 659 was passed by the Senate on May 10, 1979, be now reconsidered. The motion prevailed.

H. F. No. 659: A bill for an act relating to local government; providing for facilities of the jointly owned airport of the city of Brainerd and Crow Wing County; authorizing the issuance of bonds to finance the acquisition and betterment of airport facilities; repealing Laws 1965, Chapter 152.

Mr. Rued moved that the amendment made to H. F. No. 659 by the Committee on Rules and Administration in the report adopted April 23, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H. F. No. 659 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

The question recurred on H. F. No. 235.

Mr. Willet moved to amend H. F. No. 235 as follows:

Page 3, after line 8, insert:

"Sec. 4. [LAKE BEMIDJI STATE PARK.] The following areas are added to Lake Bemidji State Park: The Southwest Quarter of the Northeast Quarter of Section 14; the West Half of the Southeast Quarter except the West 20 Rods and except



the South 200 feet thereof of Section 14; all in Township 147 North, Range 33 West."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, before the period, insert "; expanding the boundaries of Lake Bemidji State Park"

The motion prevailed. So the amendment was adopted.

H. F. No. 235 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	Gearly	Laufenburger	Perpich	Staples
Bang	Gunderson	Lessard	Purfeerst	Stokowski
Benedict	Hanson	Luther	Renneke	Strand
Bernhagen	Hughes	McCutcheon	Rued	Stumpf
Brataas	Humphrey	Menning	Schaaf	Tennessee
Chenoweth	Johnson	Merriam	Schmitz	Ueland, A.
Chmielewski	Keefe, J.	Moe	Setzepfandt	Ueland, J.
Davies	Keefe, S.	Nelson	Sieloff	Vega
Dieterich	Kirchner	Nichols	Sikorski	Wegener
Dunn	Kleinbaum	Olhoft	Sillers	Willet
Engler	Knaak	Olson	Solon	
Frederick	Knutson	Penny	Spear	

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

### SPECIAL ORDER

H. F. No. 921: A bill for an act relating to the city of Ham Lake, Anoka County; extending scope of subdivision regulations within its corporate boundaries.

Mr. Anderson moved to amend H. F. No. 921 as follows:

Page 2, after line 2, insert:

"Sec. 3. For the city of Ham Lake in Anoka County, the term "urban district" as defined in Minnesota Statutes, Section 169.01. Subdivision 59, shall include those portions of all roads in platted or unplatted areas having residential use, where the adjacent land is built up with structures situated at intervals of less than 300 feet. This definition shall not apply to any road or street which is a part of the trunk highway system, the county state aid highway system, or the municipal state aid street system."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "boundaries" insert "; changing the application of urban district in the Minnesota Highway Traffic Regulation Act"

The motion prevailed. So the amendment was adopted.

Mr. Tennesen moved to amend H. F. No. 921 as follows:

Page 2, line 5, before the period, insert "and is only effective to transfers made after the effective date of this act"

The motion prevailed. So the amendment was adopted.

H. F. No. 921 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 43 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Kleinbaum	Penny	Staples
Bang	Gearly	Knoll	Perpich	Strand
Benedict	Gunderson	Knutson	Purfeerst	Stumpf
Bernhagen	Hanson	Laufenburger	Rued	Tennesen
Brataas	Hughes	Lessard	Schaaf	Ulland, J.
Chmielewski	Humphrey	Luther	Schmitz	Wegener
Davies	Johnson	Menning	Setzepfandt	Willet
Dieterich	Keefe, S.	Merriam	Sikorski	
Dunn	Kirchner	Olhoft	Spear	

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

Mr. Anderson moved that S. F. No. 962, No. 50 on Special Orders, be stricken and returned to its author. The motion prevailed.

#### SPECIAL ORDER

H. F. No. 1063: A bill for an act relating to the city of Duluth; increasing the number of directors on the Duluth transit authority and permitting representation of the city of Superior, Wisconsin; amending Laws 1969, Chapter 720, Sections 1, as amended, and 11, Subdivision 3.

Mr. Ulland, J. moved to amend H. F. No. 1063, as follows:

Page 1, delete line 23

Page 2, delete lines 1 and 2

Page 2, after line 2, insert:

"Sec. 2. Laws 1969, Chapter 720, Section 2, is amended to read:

Sec. 2. The directors shall serve without compensation, and may be reimbursed for authorized out of pocket expenses incurred in the fulfillment of their duties. The original term of one of the directors shall be for one year; the original term of two of the directors shall be for two years; and the original term of two of the directors shall be for three years, and *Directors shall serve until their respective successors are appointed and qualified. Subsequent Terms of directors shall be for three years. All terms shall and staggered so that three expire on June 30 of the appropriate each year.* Whenever a vacancy on such authority shall occur by reason of resignation, death, removal from the city or the councilmanic district,

or removal for failure or neglect to perform duties of a director, such vacancy shall be filled for the unexpired term. All appointments and removals of directors of the authority shall be made by the mayor, with the approval of the city council, evidenced by resolution. Every appointee who shall fail within ten days after notification of his appointment to file with the city clerk his oath or affirmation to perform faithfully, honestly, and impartially the duties of his office, shall be deemed to have refused such appointment, and thereupon another person shall be appointed in the manner prescribed in this section.

*The city of Superior, Wisconsin shall transmit the name of one person to the mayor and council of the city of Duluth, to be appointed by the city of Duluth to serve as one of the nine directors during any time the city of Superior agrees with the authority to provide transit service to Superior. His term and other conditions of service shall be the same as that of other directors except that his term shall end if the city of Superior ceases to contract for service. If the city of Superior does not transmit a name or the city of Duluth does not appoint the named person, the city of Duluth may appoint another person."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "Wisconsin;" insert "providing for directors' terms;"

Page 1, line 6, after "amended" delete the comma and insert "2;"

The motion prevailed. So the amendment was adopted.

H. F. No. 1063 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 46 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Rued	Stumpf
Bang	Gearty	Knutson	Schaaf	Tennessen
Benedict	Gunderson	Laufenburger	Schmitz	Ueland, A.
Bernhagen	Hanson	Luther	Setzepfandt	Ulland, J.
Brataas	Hughes	Menning	Sikorski	Wegener
Chenoweth	Humphrey	Merriam	Solon	Willet
Chmielewski	Johnson	Olhoff	Spear	
Davies	Keefe, S.	Penny	Staples	
Dieterich	Kirchner	Perpich	Stokowski	
Dunn	Kleinbaum	Renneke	Strand	

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

#### SPECIAL ORDER

H. F. No. 594: A bill for an act relating to human rights; requiring the commissioner of human rights to follow certain pro-

cedures in an investigation of allegations of unfair discriminatory practices; amending Minnesota Statutes 1978, Section 363.06, Subdivision 4.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Purfeerst	Stokowski
Bang	Gearty	Laufenburger	Renneke	Strand
Benedict	Gunderson	Lessard	Rued	Stumpf
Bernhagen	Hanson	Luther	Schaaf	Ueland, A.
Brataas	Hughes	Menning	Schmitz	Ulland, J.
Chenoweth	Humphrey	Merriam	Setzepfandt	Wegener
Chmielewski	Johnson	Nelson	Sieloff	Willet
Davies	Keefe, S.	Olhoff	Sikorski	
Dieterich	Kirchner	Olson	Sillers	
Dunn	Kleinbaum	Penny	Spear	
Engler	Knaak	Perpich	Staples	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H. F. No. 318: A bill for an act relating to real estate; providing for the conveyance and limiting the severance of joint tenancy interests; permitting certain contracts and conveyances between husband and wife; amending Minnesota Statutes 1978, Sections 500.19, Subdivision 2, and by adding subdivisions; 507.02; and 519.06.

Mr. Wegener moved that the amendment made to H. F. No. 318 by the Committee on Rules and Administration in the report adopted April 21, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H. F. No. 318 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Laufenburger	Purfeerst	Stokowski
Bang	Hanson	Lessard	Renneke	Strand
Benedict	Hughes	Luther	Rued	Stumpf
Bernhagen	Humphrey	Menning	Schaaf	Tennessen
Chenoweth	Johnson	Merriam	Schmitz	Ueland, A.
Chmielewski	Keefe, S.	Nelson	Setzepfandt	Ulland, J.
Davies	Kirchner	Nichols	Sieloff	Wegener
Dieterich	Kleinbaum	Olhoff	Sikorski	Willet
Dunn	Knaak	Olson	Sillers	
Engler	Knoll	Penny	Spear	
Gearty	Knutson	Perpich	Staples	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

H. F. No. 757: A bill for an act relating to commerce; exempting certain sales of motor vehicles from provisions regulating home solicitation sales; amending Minnesota Statutes 1978, Section 325.933, Subdivision 2.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Knutson	Penny	Spear
Bang	Hanson	Laufenburger	Perpich	Staples
Benedict	Hughes	Lessard	Purfeerst	Stokowski
Bernhagen	Humphrey	Luther	Renneke	Strand
Chenoweth	Johnson	Menning	Schaaf	Stumpf
Chmielewski	Keefe, S.	Merriam	Schmitz	Tennessee
Dieterich	Kirchner	Nelson	Setzepfandt	Ueland, A.
Dunn	Kleinbaum	Nichols	Sieloff	Ulland, J.
Engler	Knaak	Olhoff	Sikorski	Wegener
Gearty	Knoll	Olson	Sillers	Willet

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

H. F. No. 487: A bill for an act relating to education; authorizing school districts to discontinue certain grades and provide instruction by contract with other districts; providing for calculation of aids, levies and tuition agreements; providing for the employment rights of teachers in participating districts; amending Minnesota Statutes 1978, Sections 122.41; 122.43, Subdivision 1; 122.44, Subdivision 1; and Chapter 122, by adding a section.

Mr. Nichols moved to amend H. F. No. 487 as follows:

Page 4, line 19, delete "*March*" and insert "*June*"

The motion prevailed. So the amendment was adopted.

H. F. No. 487 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 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dieterich	Johnson	Lessard	Penny
Bang	Dunn	Keefe, S.	Luther	Perpich
Benedict	Engler	Kirchner	Menning	Purfeerst
Bernhagen	Gearty	Kleinbaum	Merriam	Renneke
Brataas	Gunderson	Knaak	Nelson	Rued
Chenoweth	Hanson	Knoll	Nichols	Schaaf
Chmielewski	Hughes	Knutson	Olhoff	Schmitz
Davies	Humphrey	Laufenburger	Olson	Setzepfandt

Sieloff  
Sikorski  
Sillers

Spear  
Staples  
Stokowski

Strand  
Stumpf  
Tennessee

Ueland, A.  
Ulland, J.  
Wegener

Willet

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

### SPECIAL ORDER

H. F. No. 248: A bill for an act relating to banks and banking; authorizing state banks to lease personal property under certain conditions; amending Minnesota Statutes 1978, Section 48.152.

Mr. Davies moved to amend H. F. No. 248 as follows:

Page 4, after line 3, insert:

"Sec. 2. Minnesota Statutes 1978, Chapter 50, is amended by adding a section to read:

[50.1465] [SERVICE CORPORATION.] *Subdivision 1. In addition to other investments authorized by law, a mutual savings bank may invest in the following:*

*The capital stock, obligations, or other securities of any corporation organized under the laws of this state if all or a majority of the capital stock of the corporation is owned by the mutual savings bank, and if substantially all of the activity of the corporation consists of originating, making, purchasing, selling and servicing loans, and participation in loans, secured by real estate including brokerage and warehousing of such real estate loans.*

*Subd. 2. No mutual savings bank may make any investment under subdivision 1 if its aggregate outstanding investment under this section exceeds five percent of the assets of the mutual savings bank."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "conditions;" insert "authorizing service corporations for mutual savings banks;"

Page 1, line 5, before the period, insert "; and Chapter 50, by adding a section"

The motion prevailed. So the amendment was adopted.

H. F. No. 248 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 43 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson  
Bang  
Benedict  
Bernhagen  
Brataas  
Chmielewski

Dunn  
Engler  
Gearty  
Gunderson  
Hanson  
Hughes

Humphrey  
Keefe, S.  
Kirchner  
Kleinbaum  
Knaak  
Knoll

Knutson  
Laufenburger  
Lessard  
Merriam  
Moe  
Nelson

Nichols  
Olhoff  
Olson  
Penny  
Purfeerst  
Renneke

Rued	Setzepfandt	Sillers	Strand	Wegener
Schaaf	Sieloff	Staples	Ueland, A.	
Schmitz	Sikorski	Stokowski	Ulland, J.	

Those who voted in the negative were:

Chenoweth	Dieterich	Luther	Perpich	Stumpf
Davies	Johnson	Menning	Spear	Willet

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

### SPECIAL ORDER

H. F. No. 386: A bill for an act relating to the range association of municipalities and schools; providing for the court standing of the association; amending Minnesota Statutes 1978, Section 471.58.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 51 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Purfeerst	Stokowski
Bang	Gearty	Laufenburger	Renneke	Strand
Benedict	Gunderson	Lessard	Rued	Stumpf
Bernhagen	Hanson	Luther	Schaaf	Tennessee
Brataas	Hughes	Menning	Schmitz	Ueland, A.
Chenoweth	Humphrey	Merriam	Setzepfandt	Ulland, J.
Chmielewski	Johnson	Moe	Sieloff	Willet
Coleman	Keefe, S.	Olhoff	Sillers	
Davies	Kirchner	Olson	Solon	
Dieterich	Kleinbaum	Penny	Spear	
Dunn	Knaak	Perpich	Staples	

Messrs. Nelson and Sikorski voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H. F. No. 1386: A bill for an act relating to the city of St. Paul; fixing the rate of the franchise fee for utility supplies to residential dwellings.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Coleman	Hanson	Knaak	Merriam
Bang	Davies	Hughes	Knoll	Nelson
Benedict	Dieterich	Humphrey	Laufenburger	Olhoff
Bernhagen	Dunn	Johnson	Lessard	Olson
Brataas	Engler	Keefe, S.	Luther	Penny
Chenoweth	Gearty	Kirchner	McCutcheon	Perpich
Chmielewski	Gunderson	Kleinbaum	Menning	Purfeerst

Renneke	Setzepfandt	Solon	Strand	Ulland, J.
Rued	Sieloff	Spear	Stumpf	Willet
Schaaf	Sikorski	Staples	Tennessen	
Schmitz	Sillers	Stokowski	Ueland, A.	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H. F. No. 1411: A bill for an act relating to Beltrami County; providing for disposition of the proceeds from the sale or rental of tax forfeited lands or from the sale of their products; increasing the amount that may be spent for promotion of tourist, agricultural and industrial developments; amending Laws 1967, Chapter 558, Section 1, Subdivision 5.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knoll	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Purfeerst	Stokowski
Bernhagen	Hughes	Luther	Renneke	Strand
Brataas	Humphrey	McCutcheon	Rued	Stumpf
Chenoweth	Jensen	Menning	Schaaf	Ueland, A.
Chmielewski	Johnson	Merriam	Schmitz	Ulland, J.
Davies	Keefe, S.	Nelson	Setzepfandt	Vega
Dieterich	Kirchner	Ogdahl	Sieloff	Willet
Dunn	Kleinbaum	Olhoft	Sikorski	
Engler	Knaak	Olson	Sillers	

Mr. Tennessen voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H. F. No. 810: A bill for an act relating to motor vehicles; providing for taxing and registering modified vehicles manufactured prior to 1949; regulating storage of modified vehicles and requiring certain equipment; providing for use of original plates on certain vehicles; amending Minnesota Statutes 1978, Section 168.10.

Mr. Nelson moved to amend H. F. No. 810 as follows:

Page 12, after line 27, insert:

"Sec. 2. Minnesota Statutes 1978, Section 471.665, Subdivision 1, is amended to read:

471.665 [MILEAGE ALLOWANCES.] Subdivision 1. ~~Except as provided in subdivision 3,~~ The maximum amount which shall be paid by any county, home rule charter or statutory city, town, or school district, to any officer or employee as compensation or reimbursement for the use by the officer or employee of his own



automobile in the performance of his duties shall ~~not exceed 16 cents a mile~~ *be set by the town board or other governing body of the unit in an amount not exceeding that provided by the commissioner of personnel for state officers and employees.*"

Amend the title as follows:

Page 1, line 7, after the semicolon, insert "providing that private motor vehicle mileage allowances be set locally;"

Page 1, delete line 8 and insert "Sections 168.10; and 471.665, Subdivision 1."

The motion prevailed. So the amendment was adopted.

Mr. Keefe, S. moved to amend H. F. No. 810 as follows:

Page 12, after line 27, insert:

"Sec. 2. Minnesota Statutes 1978, Section 168.33, Subdivision 2, is amended to read:

Subd. 2. [POWERS.] The registrar shall have the power to appoint, hire and discharge and fix the compensation of the necessary employees, in the manner provided by law, as may be required to enable him to properly carry out the duties imposed upon him by the provisions of this chapter. As of April 14, 1976, the registrar may appoint, and for cause discontinue, a deputy registrar for any city as the public interest and convenience may require, without regard to whether the county auditor of the county in which the city is situated has been appointed as the deputy registrar for the county or has been discontinued as the deputy registrar for the county, and without regard to whether the county in which the city is situated has established a county license bureau which issues motor vehicle licenses as provided in section 373.32.

Effective August 1, 1976, the registrar may appoint, and for cause discontinue, a deputy registrar for any city as the public interest and convenience may require, if the auditor for the county in which the city is situated chooses not to accept appointment as the deputy registrar for the county or is discontinued as a deputy registrar, or if the county in which the city is situated has not established a county license bureau which issues motor vehicle license as provided in section 373.32. Any person appointed *by the registrar* as a deputy registrar for any city shall be a resident of the county in which the city is situated.

The registrar may appoint, and for cause discontinue, the county auditor of each county as a deputy registrar. The auditor, with the approval of the director of motor vehicles, may appoint and for cause discontinue, the clerk or equivalent officer of each city or any other person as a deputy registrar as public interest and convenience may require, *regardless of his county of residence*. Notwithstanding any other provision, a person other than a county auditor or a director of a county license bureau, who was appointed by the registrar before August 1, 1976, as a deputy registrar for any city, may continue to serve as deputy registrar and may be discontinued for cause only by the registrar. The county auditor shall be responsible for the acts of deputy regis-

trars appointed by him. Each such deputy, before entering upon the discharge of his duties, shall take and subscribe an oath to faithfully discharge his duties and to uphold the laws of the state. If a deputy registrar appointed hereunder is not an officer or employee of a county or city, such deputy shall in addition give bond to the state in the sum of \$10,000, or such larger sum as may be required by the registrar, conditioned upon the faithful discharge of his duties as deputy registrar. Each deputy registrar appointed hereunder shall keep and maintain, in a convenient public place within the place for which he is appointed, a registration and motor vehicle tax collection bureau, to be approved by the registrar, for the registration of motor vehicles and the collection of motor vehicle taxes thereon. He shall keep such records and make such reports to the registrar as that officer, from time to time, may require. Such records shall be maintained at the facility of the deputy registrar. The records and facilities of the deputy registrar shall at all times be open to the inspection of the registrar or his agents. He shall report daily to the registrar all registrations made and taxes and fees collected by him. The filing fee imposed pursuant to subdivision 7 shall be deposited in the treasury of the place for which he is appointed, or if such deputy is not a public official, he shall retain the filing fee, but the registration tax and any additional fees for delayed registration he has collected he shall deposit each day in an approved state depository to the credit of the state through the state treasurer. *Upon sworn application accompanied by a dishonored instrument presented as conditional payment for registration tax and any additional fees, the registrar shall credit the deputy registrar with the amount of the registration tax and the additional fees and revoke the registration obtained by means of the dishonored instrument.* The place for which the deputy registrar is appointed through its governing body shall provide the deputy registrar with facilities and personnel to carry out the duties imposed by this subdivision if such deputy is a public official. In all other cases, the deputy shall maintain a suitable facility for serving the public."

Delete the title amendment on the Nelson amendment adopted May 10, 1979 to page 1, line 8 and amend the title as follows:

Page 1, line 7, after the semicolon insert "authorizing county auditor to appoint deputy registrar without regard to registrar's county of residence; providing for revocation of dishonored instrument;"

Page 1, line 8, delete "Section 168.10" and insert "Sections 168.10; 168.33, Subdivision 2; and 471.665, Subdivision 1."

The motion prevailed. So the amendment was adopted.

H. F. No. 810 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 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Kleinbaum	Olhoft	Sillers
Bang	Frederick	Knaak	Olson	Spear
Benedict	Gearty	Knoll	Penny	Stokowski
Bernhagen	Gunderson	Laufenburger	Perpich	Strand
Brataas	Hanson	Lessard	Purfeerst	Stumpf
Chenoweth	Hughes	Luther	Renneke	Tennesen
Chmielewski	Humphrey	McCutcheon	Rued	Ueland, A.
Coleman	Jensen	Menning	Schaaf	Ulland, J.
Davies	Johnson	Merriam	Schmitz	Vega
Dieterich	Keefe, S.	Nelson	Setzepfandt	Wegener
Dunn	Kirchner	Ogdahl	Sikoraki	Willet

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

Without objection, the Senate reverted to the Order of Business of Introduction and First Reading of Senate Bills, Messages From the House and First Readings of House Bills.

#### INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Dieterich introduced—

S. F. No. 1568: A bill for an act relating to securities; applying certain provisions regulating sales to investment advisers and investment adviser representatives; exempting other persons from regulation as investment advisers; setting fees; requiring registration of mining right prospect sales; amending Minnesota Statutes 1978, Sections 80A.04, Subdivisions 1 and 3; 80A.05, Subdivisions 1 and 3; 80A.07, Subdivisions 1, 4 and 5; 80A.12, Subdivision 3; 80A.14; 80A.15, Subdivisions 1 and 2; 80A.21, Subdivision 1; 80A.28, Subdivisions 2, 7, and by adding a subdivision; and 80A.30, Subdivision 1.

Referred to the Committee on Commerce.

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

S. F. No. 1569: A bill for an act relating to public improvements; authorizing the acquisition and betterment of public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of state building bonds; appropriating money.

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

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

S. F. No. 1570: A bill for an act relating to public improvements; authorizing alteration, repair, rehabilitation, equipping, and replacement of equipment of public buildings with certain conditions;

authorizing purchase and sale of public lands and buildings; appropriating money.

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 House File herewith transmitted: H. F. No. 738.

Edward A. Burdick, Chief Clerk, House of Representatives  
Transmitted May 10, 1979

#### FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H. F. No. 738: A bill for an act relating to the collection and dissemination of data; classifying data; clarifying information practices; extending the period of time during which the emergency classifications of data may be made; defining terms; clarifying the duties of the responsible authority; providing remedies; prescribing penalties; amending Minnesota Statutes 1978, Sections 15.1642, Subdivisions 3 and 5; and 15.165; and Chapter 15, by adding sections; repealing Minnesota Statutes 1978, Sections 15.162; 15.163; 15.1641; 15.1642, Subdivision 4; 15.166; 15.167; 15.1671; 15.169; and 15.17, Subdivision 4.

Mr. Tennessen moved that H. F. No. 738 be laid on the table. The motion prevailed.

#### MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 10:00 o'clock a.m., Friday, May 11, 1979. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate